

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Forestry and Wildlife
Honolulu, Hawaii 96813

November 12, 2010

Chairperson and Members
Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Land Board Members:

**SUBJECT: STATUS REPORT FOR THE HAWAII CONSERVATION RESERVE
ENHANCEMENT PROGRAM**

BACKGROUND:

At its November 18, 2008 meeting, Item C-1, the Board of Land and Natural Resources ("Board") authorized the Chairperson to execute the 'Agreement between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserve Enhancement Program Agreement under the Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu' ('Agreement') for the Department. This Agreement was approved on January 15, 2009 by the U.S. Secretary of Agriculture and the Governor of Hawaii. The Hawaii Conservation Reserve Enhancement Program (CREP), as authorized under this Agreement, is the State's amendment to the country's largest private-lands environmental improvement program administered by the U.S. Department of Agriculture's Farm Service Agency (FSA), which customizes the program to meet State identified priority lands, environmental issues, and address limitations on enrollments.

The Hawaii CREP has targeted 15,000 acres for program enrollment to address the goals of enhancing stream water quality; reducing coral reef and near shore coastal waters degradation; increasing groundwater recharge; restore native, threatened and endangered species habitat; and controlling the spread of invasive species across the main Hawaiian Islands. Under the program, participants must enact watershed conservation practices that contribute toward the State's identified goals. Hawaii CREP participants receive incentives for their enrollment including an annual rental, cost-share reimbursement, and additional incentive payments from federal partners. Participants are also eligible for state incentive payments including an annual incentive payment, support of purchase or donation of conservation easements, and cost-share reimbursements for specific conservation practices that are either strongly encouraged or highly expensive to install.

The Board also authorized the Chairperson to execute State of Hawaii CREP Agreements with eligible program participants provided the Division: briefs the Board on the initial success of Hawaii CREP; provides an annual report on the progress of the program; and seeks renewal of the signature authority for the Chairperson.

DISCUSSION:

The initial progress of Hawaii CREP has been largely limited to capacity building within our federal partners, including U.S. Department of Agriculture's Natural Resource Conservation Service (NRCS) and FSA. Hawaii CREP has been available for enrollment by landowners and leaseholders located on Maui and Hawaii Island since April 1, 2009, which was the first sign-up day for the program. The initial kick-off of the program created a high amount of interest among landowners and leaseholders with approximately 20 projects signing-up for the program within the first few months. To date, Hawaii CREP has four projects with approved program agreements that have started their CREP project. This limited number of approved projects is believed to be related to the learning curve associated with implementing a new program, a lag in agency capacity building, and a need for better communication between implementing agencies. The Division and USDA have provided training and are discussing additional steps to improve the communication between the implementing agencies, and anticipate a significant increase in enrollment in the program during the next fiscal year.

The Division is responsible under the Agreement to report annually to U.S. Department of Agriculture (USDA) on Hawaii CREP. The annual reports follow the state fiscal year, and include information on participant enrollment, Division activities related to the program, and progress towards identified goals. Two reports (Exhibits A and B) for Hawaii CREP were submitted to USDA to date, including a partial report for State fiscal year FY09 (January 15, 2009 to June 30, 2009) and a full report for State fiscal year FY10 (July 1, 2009 to June 30, 2010).

Highlights from these reports include:

- **Participation:** There are four participants under Hawaii CREP to date, two of which were finalized during the reporting periods (FY09 and FY10). There are also 12 projects that are currently being processed for enrollment in Hawaii CREP that are in varying stages of project development.
- **Outreach:** The Division and partners continue to conduct outreach to stakeholder groups and landowners about the program, and interest in the program continues to be steady. To further promote the program the Division mailed an outreach packet in April, 2010 to register agricultural producers on Maui, Molokai, Lanai, and Hawaii Island. Hawaii CREP was available for enrollment on the islands of Molokai and Lanai on October 1, 2010.
- **Training:** In order to encourage better communication and increase understanding of the program by implementing staff, training was provided to participating FSA, NRCS and Division personnel on Maui and Hawaii.
- **Funding:** Total Hawaii CREP funding as of this reporting period (including FY09 and

FY10) is approximately \$2,311,000, primarily representing State in-kind contributions. For the purposes of Hawaii CREP, State in-kind contributions includes work that the State does toward improving and protecting the natural resources of the state through both direct management activities on public lands as well as providing financial assistance to conservation partners.

Progress relating to Hawaii CREP goals:

- **10% reduction in sediment and nutrient runoff into streams, from current levels.** Stream monitoring and total nutrient runoff improvement is difficult to estimate; however, restoration of degraded lands through CREP will have water quantity benefits. For reporting purposes under Hawaii CREP, the Division utilizes ongoing water quality monitoring programs in the State. As there are only two Hawaii CREP projects in the current reporting period and as they are just beginning to implement their program conservation plans, no conclusions or information on how the projects are contributing to water quality in their watersheds or across the state can be drawn at this time.
- **5% increase in coral reef cover and substantial increases in coral diversity on coral reefs throughout the State, from current levels.** Hawaiian coral reef health and diversity is dependent on a number of influences, but sedimentation from land based erosion are cited as one of the most common threats for Hawaiian reef systems. Hawaii CREP will reduce the impact of sedimentation on reefs through restoration of degraded lands, and exclusion of ungulates and other browsing animals from riparian areas. For reporting purposes, the Division looks to ongoing monitoring efforts throughout the State. No information is currently available on how the current CREP projects could be contributing to coral reef health and diversity improvement.
- **10% increase and improvement of wildlife and plant habitats of at least 10 endangered species through restoration of native forest ecosystems and riparian buffers, from current levels.** The Division and partners work toward preserving threatened and endangered species through protection and restoration of their habitats. The Division's Plant Extinction Prevention Program as well as the Forestry, Wildlife, and Natural Area Reserves programs are the primary programs that are reported on under Hawaii CREP. The Division also offers assistance to landowners for the purposes of expanding, protecting, and restoring endangered species habitat through the Natural Area Partnership Program (NAPP), Forest Stewardship Program (FSP), and the Watershed Partnerships (WP). Through these programs the total improvement in threatened and endangered species habitat, as accounted for under Hawaii CREP during the reporting period, is a total of 133 acres of improved habitat and a total of 77 federally listed species benefited through management activities.
- **Substantial reforestation of native vegetation in riparian buffer zones as well as rare and declining native habitats, from current levels.** Reforestation efforts supported by the Division are primarily public land management (Forest Reserve System, Natural Area Reserve System, and Wildlife Sanctuaries) and landowner assistance programs, including Hawaii CREP, FSP, NAPP, and WP. Accomplishments for these programs are accounted for in one of two ways: (1) acres of land reforested with native species, and (2) number of individuals planted. Total contribution to reforestation of native forest during

the reporting period is 2,093 acres under restoration and 89,000 native seedlings planted in these areas. Under Hawaii CREP, restoration of tropical dryland forests is highlighted as a targeted rare and declining habitat - of the total acres under restoration 174 acres can be considered restoration of tropical dryland forests.

- **Substantial increases in groundwater recharge through the planting of trees in upland pastures, from current levels.** Most of the water supply in Hawaii depends on underground aquifers, which are largely replenished by upper elevation forested areas. Increasing tree cover and forested areas in upper elevation degraded lands across the State will contribute to both water availability and groundwater recharge. For the reporting purposes of Hawaii CREP, acres of upper elevation reforestation and/or number of seedlings planted are documented from the Division's public land management and landowner assistance program. The total increase in tree cover and forested areas is 1,417 acres and 85,000 seedlings planted in upper elevation lands.
- **Substantial reduction in and control of invasive species in watersheds within the CREP target areas and on enrolled marginal pastureland and cropland, from current levels.** The Division supports the control of invasive species through its public land management and landowner assistance programs, as well as through partners like the Invasive Species Committees, which represents the primary program in the state focused on the control and eradication of incipient invasive species. The accomplishments for these programs are accounted for in one of two ways: (1) acres of land surveyed, monitored, and controlled for invasive species and (2) number and type of invasive species removed or controlled. The total acres controlled for invasive species during this reporting period is 288,411 acres, and 781,123 individuals removed or controlled. Work under these programs has targeted the control of 104 different species that are considered invasive across the State.

In order to expedite the enrollment of CREP participants, the Division in consultation with the Attorney General's Office initially created a template for the State of Hawaii CREP Agreement, which authorizes eligible participants to enroll in the program and to receive the State's primary incentive payment under the program. As the program has progressed, the template agreement has been further revised to address concerns as they are encountered. The last agreement template was approved by the Board at its October 9, 2009 meeting, Item C-1 (Exhibit C). The Division, in consultation with the Attorney General's Office, has made additional modifications to the template agreement and requests Board approval of the current State of Hawaii Conservation Reserve Enhancement Program Agreement template to be used for all eligible CREP participants (Exhibit D).


The Board previously authorized the Chairperson to execute the State of Hawaii Conservation Reserve Enhancement Program Agreements with eligible applicants for a two-year period at the Board's November 14, 2008 meeting, Item C-1 (Exhibit E). The Division requests that the Board extend this delegation of authority to the Chairperson for the remainder of the Hawaii CREP enrollment period, which current expires September 30, 2013 (including state fiscal years FY11, FY12, FY13 and FY14). This will allow the Department to implement the program expeditiously in conjunction with its partner agencies.

RECOMMENDATIONS:

That the Board:

1. Approve the State of Hawaii CREP Agreement template between the State of Hawaii and CREP participants subject to review and approval by the Office of the Attorney General.
2. Authorize the Chairperson to execute the State of Hawaii Conservation Reserve Enhancement Program Agreements with eligible landowners under the Hawaii CREP as described in the 'Agreement between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserve Enhancement Program Agreement under the Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu,' for the remaining term of the program enrollment period, subject to:
 - a. Review and approval by the Office of the Attorney General.
 - b. An annual report to the Board summarizing Hawaii CREP progress by the Division of Forestry and Wildlife.

Respectfully submitted,


for Paul J. Conry, Administrator
Division of Forestry and Wildlife

Attachments: Exhibits A, B, C, D and E

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson

Hawaii Conservation Reserve Enhancement Program
Annual Report
October 1, 2009



This report includes actions carried out during the State fiscal year 2009.

Prepared by:
State CREP Administrative Coordinator
Melissa Irene Sprecher
Division of Forestry and Wildlife
Department of Land and Natural Resources
State of Hawaii

INTRODUCTION

The Hawaii Conservation Reserve Enhancement Program (CREP) was authorized on January 15, 2009 by the U.S. Secretary of Agriculture Ed Schafer and the State of Hawaii Governor Linda Lingle. The program was created through the Agreement Between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserves Enhancement Program Agreement Under the Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu (Agreement). This report includes actions taken during the State fiscal year 2009 (July 1, 2008 – June 30, 2009), with emphasis on the January 15, 2009 to June 30, 2009 period, as required under the Agreement to implement provisions of the Hawaii CREP.

The objectives of the Hawaii CREP are to enhance stream water quality; reduce coral reef degradation and enhance near shore coastal waters; increase groundwater recharge; restore native, threatened and endangered species habitat; and control the spread of invasive species in upland areas in select areas of six of the main Hawaiian Islands. The Hawaii CREP has targeted 15,000 acres for enrollment into the program over a five year period, focusing initially on Maui and Hawaii Island in the first and second year of program implementation.

BACKGROUND

The Hawaii CREP was initiated by the Environmental Defense Fund and State of Hawaii Department of Land and Natural Resources (DLNR) in July 2004 through the submission of the Hawaii Conservation Reserve Enhancement Program Proposal to the U.S. Department of Agriculture. The U.S. Department of Agriculture agreed to partner with the State to develop a Hawaii CREP for 15,000 acres across Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu. The Hawaii CREP aims to provide farmers and ranchers with a sound financial package for conservation and enhancement of the natural resources of Hawaii.

The Hawaii CREP is a twenty year incentive program that invites landowners and lease holders to join during a five year enrollment period and requires a fifteen year contract agreement with both Farm Service Agency (FSA) and State of Hawaii. Under the program, landowners are required to implement watershed conservation practices that contribute toward achieving the State's identified goals of:

- A ten percent reduction in sediment and nutrient runoff into streams, from current levels.
- A five percent increase in coral reef cover and substantial increases in coral diversity on coral reefs throughout the State, from current levels.
- A ten percent increase and improvement of wildlife and plant habitats of at least ten endangered species through restoration of native forest ecosystems and riparian buffers, from current levels.
- Substantial reforestation of native vegetation in riparian buffer zones as well as rare and declining native habitats, from current levels.
- Substantial increases in groundwater recharge through the planting of trees in upland pastures, from current levels.
- Substantial reduction in and control of invasive species in watersheds within the CREP target areas and on enrolled marginal pasturelands and cropland, from current levels.

Conservation practices vary depending on cropland or marginal pastureland enrollment, but include hardwood tree planting, riparian forest buffer, wetland restoration, rare and declining habitat: tropical dryland forest recovery, wildlife habitat buffer, and wetland buffer, all of which include numerous aspects of restoration. Participants will receive similar benefits to what is offered under the Conservation Reserve Program including an annual rental payment, cost-share reimbursement, and additional incentive payments from federal partners. To further promote Hawaii CREP, the State provides participants with an additional annual rental payment, funds conservation easement purchase or donations, and offers cost-share reimbursement for specific practices that are either strongly encouraged or extremely expensive for the landowner. The State will also provide technical assistance to interested parties, monitor and report on process toward goals, as well as aid the U.S. Department of Agriculture's Natural Resource Conservation Service (NRCS) in the development of applicants' Conservation Plans, as needed.

The State's commitment to the program is to provide twenty percent of the total program cost, ten percent of which is paid directly to landowners and ten percent that can be met by an in-kind contribution by the State. During the 2006 Regular Legislative Session, the Hawaii Legislature approved an increase in base funding for the Forest Stewardship Special Fund to support the ten percent match payable to landowners for the Hawaii CREP in the amount of \$250,000 annually. Funding for this special fund is authorized by H.R.S. §195F-4 and supported by conveyance tax revenue to financially assist landowners in managing, protecting, and restoring important natural resources in Hawaii's forested and formerly forested lands. The in-kind contribution portion will come from efforts by the DLNR, other State agencies, and partners that contribute to the Hawaii CREP goals through management activities, monitoring efforts, and/or administration of the program.

ACCOMPLISHMENTS

A Hawaii CREP Administrative Coordinator has been on staff with the Department of Land and Natural Resources, Division of Forestry and Wildlife (DOFAW) since November 2005 in a part time role for program development and facilitation. In February 2007, the full time State CREP Administrative Coordinator position was filled to aid in the continued development of the program and agreement negotiations.

The Hawaii CREP Agreement was authorized on January 15, 2009 by the U.S. Secretary of Agriculture Ed Schafer. A press release was issued shortly after notification of authorizing signature by the State FSA on January 22, 2009 and by DLNR on January 28, 2009. The State of Hawaii elected to forego a 'signing ceremony' for the Hawaii CREP as the federally administration was in the process of changing leadership. However, a partner recognition and kick off event was held on March 9 to 13, 2009 to formally introduce the program, provide for staff training, and announce the sign-up date of April 1, 2009 for 3000 acres on Maui and Hawaii Island for Hawaii CREP enrollment. Speaking at the press conference was the Lieutenant Governor James "Duke" Aiona Jr., National CREP Program Manager Lana Nesbit, NRCS Director Larry Yamamoto, Hawaii Department of Agriculture Deputy Director Duane Okamoto, and DOFAW Administrator Paul Conry. Numerous community and media representatives were in attendance, generating a substantial amount of media attention with more than eight news print and web articles. Additionally, with the assistance of FSA's Paul Lehman, KHON featured an on-air

interview with Steve Peterson (Hawaii FSA) and Paul Conry (DOFAW) about the new Hawaii program on March 10, 2009. Hawaii CREP staff training for FSA, NRCS, and DOFAW was conducted from March 9 to 11, 2009 with an additional training date of April 16, 2009. The kick-off week culminated with a visit to potential Hawaii CREP lands on Maui and discussion with interested producers on perceived limitations in the program.

Outreach for the Hawaii CREP has been ongoing since 2007 with initial introduction of the CREP at landowner assistance workshops through the State. Within this reporting period, the State participated in or spoke on behalf of the Hawaii CREP at a number of outreach events, including a landowner assistance workshop on Molokai, State Technical Committee meetings, State Agriculture Day, Watershed Partnership meetings, Hawaii Cattlemen Association, and other community outreach days, among others.

PROGRAM PARTICIPATION LEVEL

As the program was only recently initiated on January 15, 2009, no Hawaii CREP participants have been officially enrolled in the program as of this reporting period (ie: no contracts agreements have been finalized). However, as of September 2009, two Hawaii CREP contracts were ready for producer signature. Initial interest in the program was high with approximately 20 producers expressing interest in the program for an estimated total of approximately 1300 acres. Currently all but two of these producers are waiting for completion of their conservation plans. An outreach event is planned for October to announce the addition of an additional 3000 acres available on Maui and Hawaii Island for continuous enrollment.

DOFAW has also worked toward adding additional acres to other private landowner watershed and habitat restoration programs that support the goals of Hawaii CREP, including such programs as the Hawaii Forest Stewardship Program and Natural Area Partnership Program. These two programs offer financial assistance on a total of 33,996 acres of private lands managed for watershed and restoration purposes. A total of 37 acres were added to these programs during this reporting period. Also during this period approximately 3,500 acres terminated their contractual agreements and four new projects, totaling 8,500 acres, are in process and expect to be initiated during the next State fiscal year.

<i>Private Acres Enrolled in Active Watershed and Habitat Restoration Programs with the State</i>	
<i>Program</i>	<i>Acres</i>
Hawaii CREP	0
Forest Stewardship Program	5,643
Natural Area Partnership Program	28,353
Total	33,996

PROGRAM FUNDING

Direct Incentive Contribution

That State of Hawaii has agreed to provide incentive payments to enrolled producers through three different types of payment including a Hawaii CREP Incentive Payment (HCIP); conservation

easement purchase; and cost-share reimbursement for practice installation. No State or Federal producer contracts for Hawaii CREP were finalized as of June 30, 2009, thus no CREP funds were directed to producers for annual or cost-share reimbursements. There were no CREP funds spent to support the purchase of permanent conservation easements in CREP watersheds; however, the State is actively pursuing the acquisition of three conservation easements. Hawaii CREP funds may be directed to the purchase of these conservation easements as appropriate.

The State CREP Administrative Coordinator expenditures for salary and overhead is contributed towards the State's direct incentive contribution requirement. Approximately **\$34,187.29** in salary and fringe/overhead was contributed towards the Hawaii CREP during the state fiscal year 2009 through the Hawaii CREP Administrative Coordinator position.

<i>State CREP Administrative Coordinator - Salary and Fringe FY09</i>	
July 1, 2008 to December 31, 2008	\$13,405.71
January 1, 2009 to June 30, 2009	\$20,781.58
Total FY09	\$34,187.29

In-kind Contribution

DLNR actively works toward improving and protecting the natural resources of the state through both direct management activities on public lands as well as providing financial assistance to conservation partners. The following is a list of programs and activities that contribute to the Hawaii CREP goals and may be included as in-kind contributions to the program.

- Hawaii Forest Stewardship Program (FSP) - provides technical and financial assistance to private landowners and/or managers interested in conservation, restoration, and/or timber production on their land. Management activities supported by the program include long-term management plan development, site preparation, fencing, soil amendments, seedling acquisition, planting, invasive species control, irrigation, weed control and mulching, trail construction, habitat improvement, fuel breaks, riparian buffers, research, education, and non-commercial thinning. <http://hawaii.gov/dlnr/dofaw/forestry/fsp>
- Natural Area Partnership Program (NAPP) - provides financial assistance to privately managed lands for conservation and restoration of rare native habitats. Management activities include out-planting of rare native species, invasive species control, fence construction, and habitat improvement and expansion. <http://hawaii.gov/dlnr/dofaw/napp>
- Watershed Partnerships Program (WP) - supports partnerships over public and private lands focused on protection and improvement of watershed values across a landscape scale. The State is a partner in multiple partnerships and provides financial assistance for the implementation of management activities under the partner approved management plans. Management activities include invasive species control, fence construction, restoration, rare species habitat improvement and out-planting, water protection, and erosion control. <http://hawaii.gov/dlnr/dofaw/wpp>
- Forest Reserve System (FRS) - manages public lands to protect and enhance important mauka (upland) forested lands for their abundance of public benefits and values. Management focuses on protection of forested watersheds for production of fresh water, maintenance of biological integrity of native ecosystems, enhancement of recreational

opportunities, and support of production of high quality forest products.

<http://hawaii.gov/dlnr/dofaw/forestry/FRS>

- Natural Area Reserve System (NARS) - manages public lands to protect and preserve unique natural assets of Hawaii's environment. Management activities include non-native animal control, non-native pest control, restoration and habitat enhancement, monitoring, public education, and research. <http://hawaii.gov/dlnr/dofaw/nars>
- Invasive Species Committees (ISC) – established for the control and eradication of harmful invasive species infestations throughout the State of Hawaii and for preventing the introduction of other potential harmful invasive species. Activities include research, survey, control, and eradication of invasive species. <http://www.hawaiiinvasivespecies.org/hisc/>

Monitoring activities of Hawaii CREP goals and accomplishments are also counted towards the State's required in-kind contribution. The State of Hawaii contributed \$1,561,645.00 towards the Hawaii CREP through in-kind contributions during this reporting period; the table below details the contributions from each program.

<i>Hawaii CREP In-kind Contributions</i>		
<i>Program</i>	<i>Full Year</i>	<i>Partial Year (01/01/2009 to 06/30/2009)</i>
FSP	\$54,969	\$54,969
NAPP	\$951,744	\$158,910
WP*	\$0.00	\$0.00
FRS & Monitoring**	\$554,932	\$432,049
NARS*	\$0.00	\$0.00
ISC*	\$0.00	\$0.00
Total	\$1,561,645.00	\$645,928.00

*no in-kind match was recorded this reporting period for these programs, but contribution to Hawaii CREP goals is included in Hawaii CREP Goals & Monitoring Program section below.

**Monitoring efforts are documented together with Forest Reserve System for this reporting period.

Federal Contribution

No producer contracts were finalized as of the June 30, 2009, thus no federal payments have been issued for Hawaii CREP.

Total Hawaii CREP Program Funding

Total Hawaii CREP program funding as of June 30, 2009 is \$1,595,832.29 primarily from State in-kind contributions.

<i>Hawaii CREP Total Program Funding – July 1, 2008 to June 30, 2009</i>		
	<i>Full Year</i>	<i>Partial Year (01/01/2009 to 06/30/2009)</i>
Federal Contribution	\$0.00	\$0.00
State Contribution		
- Direct Incentive Contribution	\$34,187.29	\$20,781.58
- In-kind Contribution	\$1,561,645.00	\$645,928.00
Total	\$1,595,832.29	\$666,709.58

CREP REVIEW/ADVISORY COMMITTEE

The CREP Review Committee met on September 17, 2009 to discuss the program's implementation to date. Representatives from USDA FSA and NRCS and DLNR-DOFAW participated in the meeting. The review committee had the following recommendations based on comments and concerns raised during the meeting:

- Some producers/landowners feel they are limited or excluded from Hawaii CREP because of the riparian requirement for pastureland enrollment. They do not feel that enrolling only a riparian area versus enrolling a large mauka (upland) tract on their ranch is effective or efficient, especially in regards to fencing.
 - The Committee feels that this may best be addressed through individually talking to landowners about utilizing other conservation programs in conjunction with Hawaii CREP. For example, landowners may utilize NRCS's EQIP or other related programs (FSP) to enroll lands adjacent to Hawaii CREP riparian buffers.
- There are foreseeable issues with the requirement to install all Conservation Practice components within one year, especially on larger acre enrollments. Some producers have been discouraged from enrolling into the program because of this short timeline, especially in areas where invasive species are a major issue and will require a large amount of manpower to control.
 - This is a responsible concern for program implementation and enrollment. Large acreage enrollment and invasive species control is essential to the success of the Hawaii CREP. The Committee recommends that FSA and NRCS encourage enrollment of these projects with the understanding that extensions may be granted from the County Committees to projects as needed and appropriate.
- As of this reporting period, the Adjusted Gross Income (AGI) limitation is still an issue for larger landowners enrollment into the program. Two AGI waivers have been submitted for review and approval by the Farm Service Agency Administrator. Additional landowners have expressed interest in the Hawaii CREP, but are waiting to see if the AGI waivers are being considered.
 - The Committee received approval of the two submitted AGI waivers on 9/15/2009, with an approximate turn around time on the 1st waiver request at 2 months. The Committee recommends that landowners interested in the program and waiting to hear about the outcomes of the AGI waiver, be notified that waivers have been granted and encouraged to apply for the program. Additionally, FSA and DOFAW should put together an informational document for landowners interested in the program and potentially subject to the AGI limitation. This informational document should include basic information needed to submit a waiver request and resources to gather environmental data for their project.
- The cost to the State for administration of the Hawaii CREP Incentive Payment (HCIP) to small acre projects (5 acres or less) outweighs the actual payment distributed to the producer annually. The State would like to reevaluate how this payment will be distributed to smaller acreage projects.
 - For projects under 5 acres, DLNR will issue a one-time payment equal to the HCIP over the fifteen year contract agreement. This will allow the producers to receive their full payment under the program and cut down the administrative cost of the HCIP.

- Consultation with the State Historic Preservation Office is required for CREP projects that may impact historical or cultural sites through their management of the area. DOFAW was originally designated to consult with this office, however; upon further review, the already established relationship between NRCS/FSA and the State Historic Preservation Office may be a better avenue for this consultation.
- With two CREP contracts nearing completion, concern was expressed about the State of Hawaii CREP Agreement condition that requires producers to carry at least \$1,000,000 in liability insurance for the duration of their CREP project. This requirement may unnecessarily limit producer enrollment in the program, especially on smaller scale projects.
 - The Committee recommends that the State review whether this condition is a necessary for the Hawaii CREP. The USDA contract agreements for Hawaii CREP do not require producers to carry insurance for entrance into the program.
- The Hawaii CREP producer sign-up date began on April 1, 2009. To date, no contracts have been completed. Approximately 20 producers with a total 1300 acres have expressed interest in the program; two producer contracts are ready for signature and the other 18 applicants awaiting completion of their Conservation Plans.
 - The Committee recommends that FSA and NRCS discuss how to improve this process in order to get producers enrolled in the program.
- The initial enrollment and interest in Hawaii CREP was good, with all of the current producers signing up within the first couple of months of open enrollment. A press release was originally planned to announce the addition of another 3000 acres available for Hawaii CREP enrollment on Maui and Hawaii Island; however as the program does not currently have any contracts completed, the Committee recommended that the program forego the press release. Instead, additional outreach is planned for local agricultural groups and organizations to encourage enrollment into CREP.
- The State of Hawaii, Department of Hawaiian Homes Land (DHHL) is very interested in enrolling a portion of their managed lands into the Hawaii CREP. The DHHL manages a portion of State lands for the betterment of the Hawaiian people under both direct leases to Hawaiian descendants and for agricultural and cultural products for Hawaiian people. DHHL is currently exploring options for enrollment of their managed lands under Hawaii CREP, including enrollment of lands under DHHL for only the available cost-share portion of the program or through lease agreements on lands eligible for Hawaii CREP to an appropriate entity. They are also exploring getting recognition as a tribal entity by the U.S. Government.

HAWAII CREP GOALS & MONITORING PROGRAM

10% reduction in sediment and nutrient runoff into streams, from current levels

Stream monitoring and progression toward goals, as stated in the Hawaii CREP proposal, can be difficult to estimate, especially across six islands. However, accompanying water quantity benefits achieved through CREP are critical to ensuring Hawaii maintains an adequate supply of fresh water. For reporting purposes under Hawaii CREP, the State will utilize ongoing water quality monitoring programs by the Hawaii Department of Health's (HDOH) Clean Water Branch and Environmental Planning Office as well as additional monitoring efforts by the University of Hawaii and DLNR's DOFAW and Division of Aquatic Resources (DAR).

The HDOH monitors water bodies that are known to be water quality impaired in watersheds across the state. HDOH also compiles information from other agencies and organizations in their water quality monitoring efforts and provides reports on the status of State surface waters. Per the 2006 State of Hawaii Water Quality Monitoring and Assessment Report, as approved by the U.S. Environmental Protection Agency (<http://hawaii.gov/health/environmental/env-planning/wqm/wqm.html/>), the Hawaii Department of Health's 2006 303(d) List of Impaired Waters contains a total of 93 stream segments with seventeen new streams listed out of 376 perennial streams. The most common impairment was turbidity, with 101 segments exceeding limits. The next most common impairments were high levels of nitrite/nitrates, total nitrogen, and total phosphorus. Total Maximum Daily Loads (TMDLs) of pollutants are being developed for all water bodies on the List of Impaired Waters; identification of these streams will assist Hawaii CREP with identifying potential areas for more directed program outreach.

The University of Hawaii at Manoa's Center for Conservation, Research and Technology (CCRT), DOFAW, and Intelesense Technologies (<http://www.intelesense.net/>) have recently begun a small scale stream quality monitoring effort at four initial sites across Oahu, Kauai, and Maui. This project utilizes "smart technology" to transmit real-time data from on-site monitoring equipment to an internet based portal, which has the ability to process and display the collected data remotely. DOFAW and CCRT are exploring the use of this technology for deployment of monitoring equipment in remote locations to determine the current water quality of managed lands and restored sites over time. These efforts will ultimately determine if this technology will be able to be employed on CREP projects and will give the State an idea of impacts of current management efforts. To date, two sites have been launched on Oahu; one as a test bed for new equipment (Makiki) and one in a stream system associated with a relatively intact State-managed native forest (Poamoho). As this is largely a research and development project, both sites are currently offline awaiting better cell reception to transmit data.

5% increase in coral reef cover and substantial increases in coral diversity on coral reefs throughout the State, from current levels

Hawaiian coral reef health and diversity is dependent on a number of influences. Sedimentation from land based erosion and its associated turbidity impact are cited as some of the most common threats for Hawaiian reef systems. Recent work by the U.S. Geological Survey (USGS) on Molokai found that Kawela stream alone contributed 9,000 tons of sediment over a two year period. Furthermore, with trade wind pattern influence on the island, the sediment does not 'flush out' and fine sediment is resuspended almost daily. USGS, through their ongoing research on Molokai's southern reef system, has identified soil erosion control as the best management tool for both the nutrient and turbidity impacts on Molokai reefs (<http://pubs.usgs.gov/sir/2007/5101/>). Restoration of native communities on degraded agricultural lands as well as the exclusion of ungulates and other browsing animals are the primary methods Hawaii CREP aims to reduce the impact of sedimentation on reefs throughout the state. However, the results from restoration work many not be seen or fully understood for a number of years after installation of management practices. As there is no current comprehensive, state-wide water quality monitoring program on coral reef health and diversity, reporting for Hawaii CREP will utilize ongoing coral reef monitoring programs from the U.S. Geological Survey (USGS), DAR, HDOH, University of

Hawaii, the Local Action Strategy to Address Land-based Pollution, and the Coral Reef Assessment and Monitoring Program (CRAMP) (<http://cramp.wcc.hawaii.edu/>).

Results from monitoring programs throughout the State were correlated in the 2008 The State of the Coral Reef Ecosystems of the Main Hawaiian Islands Report (Friedlander et al). Major finds for this report that may relate to the goals of Hawaii CREP are included below:

- Sediment discharge is probably the leading land-based pollutant causing alteration of reef community structure in the main Hawaiian Islands.
- The HDOH 2006 303(d) List Of Impaired Waterbodies contains a total of 209 marine areas, 39 of which were recently added to the list. Turbidity was the most common pollutant to trigger a marine water listing with 154 occurrences. The HDOH believes these occurrences are due to polluted runoff from selected watersheds. (<http://hawaii.gov/health/environmental/env-planning/goals/indrpt2009.pdf>)
- Long-Term Monitoring programs includes sites in Hawaii that have been monitored for greater than 10 years and provide a historical perspective on coral reef change. The long-term trends in the majority of the stations (19 out of 27) showed a decline in percent coral cover over their respective study periods. Possible explanations for the major declines include reef slumping, eutrophication and sedimentation.

Additional monitoring for CREP enrolled acres is being explored with DAR, CRAMP, and local 'Reefcheck' organizations (volunteer community-based monitoring protocol to measure coral reef health).

10% increase and improvement of wildlife and plant habitats of at least 10 endangered species through restoration of native forest ecosystems and riparian buffers, from current levels

The State of Hawaii has the unfortunate recognition of having the most threatened and endangered species in the nation with 330 species listed (274 plants and 56 animals). Due to this large number the state and federal partners continue to work towards preserving and expanding these species through protection and restoration of their critical habitats. The Plant Extinction Prevention Program (PEP), which seeks to prevent the extinction of species that have fewer than 50 individuals remaining in the wild, and the wildlife management sections of DOWAW are the primary programs that focus on rare species recovery. The state also offers assistance to landowners for the purposes of expanding, protecting, and restoring endangered species and their habitat through the NAPP, FSP, and WP. Through these programs, as well as management of public lands, approximately 22 endangered plant species were out-planted or protected, and a total of 67 acres of habitat was improved for two endangered bird species, the Palila (*Loxioides bailleui*) and the Hawaiian petrel (*Pterodroma sandwichensis*). Other threatened or endangered species are also likely to have benefited from these reforestation efforts.

Federally Listed Plant Species Outplanted:

<u>Scientific name</u>	<u>Listed Status</u>
<i>Argyroxiphium kauense</i>	Endangered
<i>Argyroxiphium sp</i>	Endangered
<i>Bidens micrantha subsp. Kahealaha</i>	Endangered
<i>Clermontia lindseyana</i>	Endangered

<i>Clermontia peleana</i> subsp. <i>peleana</i>	Endangered
<i>Clermontia pyrrularia</i>	Endangered
<i>Cyanea duvalliorum</i>	Species of Concern
<i>Cyanea platyphylla</i>	Endangered
<i>Cyanea tritomantha</i>	Candidate
<i>Cyrtandra tintinnabula</i>	Endangered
<i>Diellia erecta</i> f. <i>alexandri</i>	Endangered
<i>Diplazium molokaiense</i>	Endangered
<i>Flueggea neowawraea</i>	Endangered
<i>Gardenia remyi</i>	Candidate
<i>Gouania</i> sp.	Endangered
<i>Nothocestrum pletatum</i>	Endangered
<i>Phyllostegia hispida</i>	Endangered
<i>Phyllostegia mannii</i>	Endangered
<i>Phyllostegia warshaueri</i>	Endangered
<i>Phytolacca sandwicensis</i>	Species of Concern
<i>Pleomele hawaiiensis</i>	Endangered
<i>Psychotria hobbdi</i>	Proposed Endangered
<i>Remya kauaiense</i>	Endangered
<i>Scaevola coriacea</i>	Endangered
<i>Schiedea laui</i>	Endangered
<i>Sicyos macrophyllus</i>	Species of Concern
<i>Solanum sandwicense</i>	Endangered
<i>Trematolobelia grandifolia</i>	Species of Concern

Substantial reforestation of native vegetation in riparian buffer zones as well as rare and declining native habitats, from current levels

Reforestation efforts supported by the State of Hawaii are primarily through DOFAW's public land management (FRS, NARS, and the Wildlife Section) as well as assistance programs, including FSP, NAPP, and WP. Accomplishments for these programs are accounted for in one of two ways: (1) acres of land reforested with native species and (2) number of individuals planted. During this reporting period, approximately 1977 acres were reforested with native species and approximately 36,000 native plants were planted across the state. Over 82 of these restored acres are classified as tropical dryland forests, which are considered rare and declining habitat for Hawaii under CREP.

Substantial increases in groundwater recharge through the planting of trees in upland pastures, from current levels

Most of the water supply in Hawaii depends on underground aquifers, which are replenished mostly by upper elevation forested areas. Upper elevation forests contribute to total available water through interception of water droplets from clouds that blanket the mountains daily. Increasing tree cover and forested areas in upper elevation degraded lands across the State will contribute to water availability and groundwater recharge. For the reporting purposes of Hawaii CREP, acres of upper elevation reforestation and/or number of seedlings planted are documented from FRS and NARS management as well as the assistance programs of FSP, NAPP, and WP.

Approximately 1305 acres of upper elevation watershed were under active restoration management, and over 33,000 seedling were planted in the upper elevation areas.

Substantial reduction in and control of invasive species in watersheds within the CREP target areas and on enrolled marginal pastureland and cropland, from current levels.

Invasive species all over the nation can have negative impacts on the environment, health, and economy. In Hawaii, there is an ever present invasive species problem that affects overall environmental and human health, agricultural communities, and many of the State's endangered species. The Invasive Species Committees (ISC) represent the primary program focused on the control and eradication of incipient invasive species across the State. The Committees are island-based partnerships of government agencies, non-government organizations, and private businesses working to protect each island from the most threatening invasive pests. Each ISC partnership has a paid staff and field crew to implement rapid response and control plans. Other state supported programs also contribute to the control of invasive species including NAPP, FSP, NARS, FRS, and WPs.

The accomplishments for these programs are accounted for in one of two ways: (1) acres of land surveyed, monitored, and controlled for invasive species and (2) number and type of invasive species removed or controlled. During this reporting period, approximately 61,000 acres were managed for invasive species control. Over 202,000 individuals of 46 different species were removed or controlled across the State.

Invasive species removed or controlled:

<u>Common Name</u>	<u>Scientific name</u>
Albizia	<i>Falcataria moluccana</i>
Australian tree fern	<i>Sphaeropteris cooperi</i>
Banana poka	<i>Passiflora mollissima</i>
Banyan	<i>Ficus benghalensis</i>
Black bamboo	<i>Phyllostachys nigra</i>
Black wattle	<i>Acacia mearnsii</i>
California grass	<i>Brachiaria mutica</i>
Cape ivy	<i>Delairea odorata</i>
Cattails	<i>Typha latifolia</i>
Christmas berry	<i>Schinus terebinthifolius</i>
Common guava	<i>Psidium guajava</i>
Cuban oergano	<i>Plectranthus ambonicus</i>
Devils backbone	<i>Bryophyllum diagremontianum</i>
Faya tree	<i>Myrica faya</i>
Ficus	<i>Ficus spp</i>
Fireweed	<i>Erechtites valerianifolia</i>
Fountain grass	<i>Pennisetum setaceum</i>
Gorse	<i>Ulex europaeus</i>
Guinea grass	<i>Panicum maximum</i>
Himalayan blackberry	<i>Rubus discolor</i>
Himalayan raspberry	<i>Rubus ellipticus</i>
Ironwood	<i>Casuarina equisetifolia</i>

Java plum	<i>Syzygium cumini</i>
Kahili ginger	<i>Hedychium sp</i>
Karaka nut	<i>Corynocarpus laevigatus</i>
Kiawe	<i>Prosopis spp</i>
Koa haole	<i>Leucaena leucocephala</i>
Koster's curse	<i>Clidemia hirta</i>
Lantana	<i>Lantana camara</i>
Mexican sunflower	<i>Tithonia diversifolia</i>
Miconia	<i>Miconia calvescens</i>
New Zealand flax	<i>Phormium tenax</i>
Pampas grass	<i>Cortaderia selloana & jubata</i>
Passionfruit	<i>Passiflora coccinea</i>
Pickleweed	<i>Batis maritima</i>
Plume poppy	<i>Macleaya cordata</i>
Privet	<i>Ligustrum sp</i>
Rose apple	<i>Syzygium jambos</i>
Silk oak	<i>Grevillea robusta</i>
Smoke bush	<i>Buddleja madagascariensis</i>
Sphagnum moss	<i>Sphagnum sp</i>
Strawberry guava	<i>Psidium cattleianum</i>
Tibouchina	<i>Tibouchina herbacea</i>
Thimbleberry	<i>Rubus rosifolius</i>
Tree poppy	<i>Bocconia frutescens</i>
Wax myrtle	<i>Morella cerifera</i>

REFERENCES

Friedlander A, Aeby G, Brainard R and 8 others (2008). The state of the coral reef ecosystems of the Main Hawaiian Islands. In: State of the coral reefs of the United States and the Freely Associated States: 2008. Waddell J, Clark AM eds, NOAA Technical Memorandum NOS NCCOS, Silver Spring, MD, pp 219–261.

Hawaii Conservation Reserve Enhancement Program
Annual Report
October 1, 2010



This report includes actions carried out during the State fiscal year 2010.

Prepared by:
Hawaii CREP Coordinator
Melissa Irene Sprecher
Division of Forestry and Wildlife
Department of Land and Natural Resources
State of Hawaii

INTRODUCTION

The Hawaii Conservation Reserve Enhancement Program (CREP) was authorized on January 15, 2009 by the U.S. Secretary of Agriculture Ed Schafer and the State of Hawaii Governor Linda Lingle. The program was created through the Agreement Between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserves Enhancement Program Agreement under the Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu (Agreement). This report includes actions taken during the State fiscal year 2010 (July 1, 2009 – June 30, 2010) as required under the Agreement to implement provisions of the Hawaii CREP.

The objectives of the Hawaii CREP are to enhance stream water quality; reduce coral reef degradation and enhance near shore coastal waters; increase groundwater recharge; restore native, threatened and endangered species habitat; and control the spread of invasive species in select areas of six of the main Hawaiian Islands. The program provides farmers and ranchers with a financial package for conservation and enhancement of the natural resources of the state. The Hawaii CREP has targeted 15,000 acres for enrollment into the program over a five year period, focusing initially on Maui and Hawaii Island in the first and second year of program implementation.

BACKGROUND

The Hawaii CREP was initiated by the Environmental Defense Fund and the State of Hawaii Department of Land and Natural Resources (DLNR) in July 2004 through the submission of the Hawaii Conservation Reserve Enhancement Program Proposal to the U.S. Department of Agriculture. The U.S. Department of Agriculture agreed to partner with the State to develop a Hawaii CREP for 15,000 acres across Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu. Under the program, landowners are required to implement watershed conservation practices that contribute toward achieving the State's identified goals of:

- A ten percent reduction in sediment and nutrient runoff into streams, from current levels.
- A five percent increase in coral reef cover and substantial increases in coral diversity on coral reefs throughout the State, from current levels.
- A ten percent increase and improvement of wildlife and plant habitats of at least ten endangered species through restoration of native forest ecosystems and riparian buffers, from current levels.
- Substantial reforestation of native vegetation in riparian buffer zones as well as rare and declining native habitats, from current levels.
- Substantial increases in groundwater recharge through the planting of trees in upland pastures, from current levels.
- Substantial reduction in and control of invasive species in watersheds within the CREP target areas and on enrolled marginal pasturelands and cropland, from current levels.

The conservation practices available under Hawaii CREP vary depending on cropland or marginal pastureland enrollment, but include hardwood tree planting (CP3A), riparian forest buffer (CP22), wetland restoration (CP23 and CP23a), rare and declining habitat: tropical dryland forest recovery (CP25), wildlife habitat buffer (CP29), and wetland buffer (CP30); all of which include numerous aspects of restoration. Participants receive similar benefits to what is offered under the Conservation Reserve Program including an annual rental, cost-share reimbursement, sign-up

incentive, and practice incentive payments from federal partners. To further promote Hawaii CREP, the State provides participants with an additional annual rental payment, supports conservation easement purchase or donations, and offers cost-share reimbursement for specific practices that are either strongly encouraged or extremely expensive for the landowner. The State also provides for outreach and technical assistance to interested parties, monitors and reports on process toward goals, as well as aides the U.S. Department of Agriculture's Natural Resource Conservation Service (NRCS) in the development of conservation plans, as needed.

The State's financial commitment to the program is to provide twenty percent of the total program cost; ten percent of which is paid directly to landowners and ten percent from State in-kind contributions. During the 2006 Regular Legislative Session, the Hawaii Legislature approved an allocation in base funding for the Forest Stewardship Special Fund to support the ten percent match payable to landowners for the Hawaii CREP in the amount of \$250,000 annually. Funding for this special fund is authorized by H.R.S. §195F-4 and supported by conveyance tax revenue to financially assist landowners in managing, protecting, and restoring important natural resources in Hawaii's forested and formerly forested lands. The in-kind contribution is associated with efforts by the DLNR, other State agencies, and partners that contribute to the Hawaii CREP goals through management activities, monitoring efforts, and/or administration of the program.

The Hawaii CREP has been available to landowners located on Maui and Hawaii Islands since April 1, 2009, which was the first sign-up day for the program. With the March 2009 kick-off event and multiple press releases announcing the program, there was significant initial interest in the program. No CREP projects were contracted during the previous reporting period (State fiscal year 2009 – July 1, 2008 to June 30, 2009) due primarily to the short reporting period. Major accomplishments in State Fiscal Year 2009 (FY09) included numerous outreach efforts to introduce the new program, as well as staff training for Maui and Hawaii Island. The State was able to contribute approximately \$667,000 toward the match requirement for the program during FY09, primarily from in-kind contributions.

STATE FISCAL YEAR 2010 ACCOMPLISHMENTS

During the State fiscal year 2010 (FY10), efforts associated with Hawaii CREP were focused primarily on addressing projects that signed up for the program during the last reporting period. As this report represents the first full reporting period for Hawaii CREP and is also the first time that the Conservation Reserve Program has been widely used in the State, program staff have experienced a giant learning curve. Thus, partners have spent much of the year addressing issues related to program implementation. One of the initial issues was the State's insurance requirement found within the State CREP Agreement, which producers are required to enter into as a part of their commitment to the program (identified during the FY09 CREP Review Committee meeting). After further exploration, it was determined that this requirement was not necessary for the purposes and intent of Hawaii CREP, and was removed from the State CREP Agreement.

Unfortunately, a lack of communication between the various implementing agencies has resulted in a significant delay in addressing problems and completing CREP projects. With such a larger initial interest in the program, a number of Hawaii CREP projects were initiated within the first several months of the program; however, many of the projects that had signed up in April to June 2009 had not been finalized or contracted by March 2010. In order to encourage better

communication and increase understanding of the program by implementing staff, additional training was provided to all staff on Maui and Hawaii Islands in April 2010. Agency representatives from FSA, NRCS, and DOFAW all participated in the training event, which primarily focused on reinforcing communication between partners. Additional clarification on land eligibility determinations, invasive species control, livestock versus feral ungulate management, and identification of riparian areas was also included in the training. FSA also updated the 2-CPR Supplemental Hawaii CREP Handbook based on the information presented in the training.

To further encourage CREP project completion, FSA, NRCS and the State participated in weekly meetings from March to May 2010. Weekly meetings and their corresponding reports focused on the current status of each of the Hawaii CREP projects. This effort resulted in the completion of the two CREP projects completed in this reporting period and additional movement on a number of other projects. This effort, conversely, may have also resulted in an increase in project withdraws under the program. Partner agencies have agreed to meet at least monthly until all remaining 2009 projects and continuing issues have been addressed.

Outreach for Hawaii CREP has been ongoing over the reporting period; however, due to the slow turn around for projects and the corresponding lack of projects that have been completed, the State has limited its outreach during the first half of this reporting period. There have been a number of producers and landowners that have stated their interest in the program, but have been waiting for a few projects to make it through the contracting system before enrolling. Due to these reasons, only limited outreach was conducted before March 2010. The State and implementing partners have done some directed outreach to community organizations and groups during this time to encourage interest and answer questions about the program. These groups included, but are not limited to, the Hawaii Cattlemen Council, Watershed Partnerships, Hawaii Farm Bureau, etc.

To encourage larger enrollment of CREP projects the State produced, in consultation with FSA, an Adjusted Gross Income (AGI) limitation waiver handout that includes information on requesting an AGI waiver for Hawaii CREP. This handout along with a letter from the State, an updated program factsheet, and an example program payment schedule was mailed to all registered agricultural producers in Hawaii and Maui Counties in April 2010. Approximately 2,100 letters were mailed out to Maui, Molokai, Lanai, and Hawaii Island.

PROGRAM PARTICIPATION LEVEL

During FY10, Hawaii CREP had approximately 38 different projects initialed under the program. Of these potential projects, 15 projects withdrew for various reasons from the program; 9 projects were determined ineligible due to un-definable streams, landowner ineligible, property size limitation, flooding issues, or they could not provide required information; and 12 projects are still being processed. As of this reporting period, Hawaii CREP has two project agreements (totaling 25.4 acres) finalized and they have begun implementing their conservation plans. There are three additional projects that are awaiting producer signature or under contract review.

<i>Hawaii CREP Enrolled Participates</i>	
<i>Project</i>	<i>Acres</i>
Hui O Mana project	19.8
Glatzer project	5.6
Total	25.4

Producers' interest in Hawaii CREP has continued to remain high, but due to the slow turn around time on project contract completion there were only two CREP project finalized during FY10. Partners have been working to identify issues that have been limiting enrollment and have taken some actions to address these issues, as discussed above (FY10 Accomplishments) and are further detailed under the Hawaii CREP Review Committee section. The State and USDA anticipate a significant increase in enrollment in the program during the next fiscal year as communication between the implementing agencies improves. However, there are still some outstanding problems to reaching enrollment numbers originally projected on Maui and Hawaii Island. These problems are related to both program understanding and initiative by staff, as well as financial hardships faced by interested producers.

Interest in Hawaii CREP continues to be steady and following the mailing of the outreach packet in April 2010, the program experienced another flush of interested producers. Additionally, a workshop and outreach event is planned for early October on Molokai to announce the availability of the program on that island.

DOFAW has also worked toward adding additional acres to other private landowner watershed and habitat restoration programs that support the goals of Hawaii CREP, including such programs as the Hawaii Forest Stewardship Program and Natural Area Partnership Program. These two programs offer financial assistance on a total of 34,271 acres of private lands managed for watershed and restoration purposes. A total of 275 acres were added to these programs during this reporting period. Additional projects are in process and expect to be initiated during the next State fiscal year.

<i>Private Acres Enrolled in Active Watershed and Habitat Restoration Programs with the State</i>	
<i>Program</i>	<i>Acres</i>
Hawaii CREP	25.4
Forest Stewardship Program	5,918
Natural Area Partnership Program	28,353
Total	34,271

PROGRAM FUNDING

Direct Incentive Contribution

The State of Hawaii has agreed to provide incentive payments to Hawaii CREP enrolled producers through three different types of payment including a Hawaii CREP Incentive Payment (HCIP); support of conservation easement purchase; and cost-share reimbursement for practice installation.

Two CREP producer contracts were finalized as of June 30, 2010; approximately **\$5,049** of state funding was directed to producers as HCIP. This amount only accounts for one of the projects contracted during this period because funds for the Glatzer CREP project were not expended by June 30, 2010. As all CREP projects are just in the beginning phases of their project practices, there were no CREP funds expended toward state cost-share reimbursements.

<i>Hawaii CREP Incentive Payments to Participates</i>		
<i>Project</i>	<i>Acres</i>	<i>HCIP</i>
Hui O Mana project	19.8	\$5,049.00
Total	19.8	\$5,049.00

The State Hawaii CREP has participated in the protection of two properties, the Kukaiau Ranch and the Kainalu Ranch, through establishment of permanent conservation easements during this reporting period. These two conservation easements will result in the permanent protection of approximately 5,114 acres from development. Both of these projects further the goals and objectives of Hawaii CREP through the incorporation of native species restoration in mauka (upland) watersheds, as well as the protection and enhancement of endangered species habitat. The Kukaiau Ranch conservation easement is located on Hawaii Island and closed in December 2009. The Kukaiau Ranch is currently in the process of applying for Hawaii CREP. The Kainalu Ranch conservation easement is located on Molokai and anticipated to close by June 2011. The Kainalu Ranch has expressed its interest in applying for Hawaii CREP once it is available on Molokai. Hawaii CREP has furthered the acquisition of these two projects by supporting the required due diligence needed for these acquisitions to close. Approximately **\$8000** was contributed to the Kukaiau Ranch acquisition during state fiscal year 2010 (an additional \$5,000.00 will be applied toward this acquisition in the next reporting period due to a lag in processing). Approximately **\$10,000** was contributed toward the Kainalu Ranch acquisition during state fiscal year 2010.

<i>Hawaii CREP Conservation Easements</i>				
<i>Project</i>	<i>Product</i>	<i>Location</i>	<i>Acres</i>	<i>Funding</i>
Kukaiau Ranch	Easement Documentation Report	Hawaii Island	4,500	\$8,000.00
Kainalu Ranch	Environmental Site Assessment - Phase I	Molokai	614	\$9,999.96
Total			5,114	17,999.96

The State CREP Administrative Coordinator expenditures for salary and overhead is contributed towards the State's direct incentive contribution requirement. Approximately **\$29,000** in salary and fringe/overhead was contributed towards the Hawaii CREP during the State fiscal year 2010 through the Hawaii CREP Administrative Coordinator position.

<i>State CREP Administrative Coordinator - Salary and Fringe FY10</i>	
July 1, 2009 to June 30, 2010	\$28,527.39
Total FY10	\$28,527.39

In-kind Contribution

DLNR actively works toward improving and protecting the natural resources of the state through both direct management activities on public lands as well as providing financial assistance to conservation partners. The following is a list of programs and activities that contribute to the Hawaii CREP goals and may be included as in-kind contributions to the program.

- Hawaii Forest Stewardship Program (FSP) - provides technical and financial assistance to private landowners and/or managers interested in conservation, restoration, and/or timber production on their land. Management activities supported by the program include long-term management plan development, site preparation, fencing, soil amendments, seedling acquisition, planting, invasive species control, irrigation, weed control and mulching, trail construction, habitat improvement, fuel breaks, riparian buffers, research, education, and non-commercial thinning. <http://hawaii.gov/dlnr/dofaw/forestry/fsp>
- Natural Area Partnership Program (NAPP) - provides financial assistance to privately managed lands for conservation and restoration of rare native habitats. Management activities include out-planting of rare native species, invasive species control, fence construction, and habitat improvement and expansion. <http://hawaii.gov/dlnr/dofaw/napp>
- Watershed Partnerships Program (WP) - supports partnerships over public and private lands focused on protection and improvement of watershed values across a landscape scale. The State is a partner in multiple partnerships and provides financial assistance for the implementation of management activities under the partner approved management plans. Management activities include invasive species control, fence construction, restoration, rare species habitat improvement and out-planting, water protection, and erosion control. <http://hawaii.gov/dlnr/dofaw/wpp>
- Forest Reserve System (FRS) - manages public lands to protect and enhance important mauka (upland) forested lands for their abundance of public benefits and values. Management focuses on protection of forested watersheds for production of fresh water, maintenance of biological integrity of native ecosystems, enhancement of recreational opportunities, and support of production of high quality forest products. <http://hawaii.gov/dlnr/dofaw/forestry/FRS>
- Natural Area Reserve System (NARS) - manages public lands to protect and preserve unique natural assets of Hawaii's environment. Management activities include non-native animal control, non-native pest control, restoration and habitat enhancement, monitoring, public education, and research. <http://hawaii.gov/dlnr/dofaw/nars>
- Invasive Species Committees (ISC) – established for the control and eradication of harmful invasive species infestations throughout the State of Hawaii and for preventing the introduction of other potential harmful invasive species. Activities include research, survey, control, and eradication of invasive species. <http://www.hawaiiinvasivespecies.org/hisc/>

Monitoring activities of Hawaii CREP goals and accomplishments are also counted towards the State's required in-kind contribution. The State of Hawaii contributed approximately

\$1,590,000 towards the Hawaii CREP through in-kind contributions during this reporting period; the table below details the contributions from each program.

<i>Hawaii CREP In-kind Contributions</i>	
<i>Program</i>	<i>Funding</i>
FSP	\$59,270.75
NAPP	\$1,213,046.04
WP*	\$0.00
FRS & Monitoring**	\$317,996.18
NARS*	\$0.00
ISC*	\$0.00
Total	\$1,590,312.97

*no in-kind match was recorded this reporting period for these programs, but contribution to Hawaii CREP goals is included in Hawaii CREP Goals & Monitoring Program section below.

**Monitoring efforts are documented together with Forest Reserve System management.

Federal Contribution

Two producer contracts were finalized as of the June 30, 2009, and approximately **\$2,540** was paid to producers as sign-up incentive payments. The first annual rental payment for these projects is expected to be issued in October 2010.

<i>Hawaii CREP Federal Incentive Payments</i>				
<i>Project</i>	<i>Acres</i>	<i>SIP</i>	<i>Cost-share reimbursements</i>	<i>PIP</i>
Hui O Mana project	19.8	\$1,980.00	\$0.00	\$0.00
Glatzer project	5.6	\$560.00	\$0.00	\$0.00
Total	25.4	\$2,540.00	\$0.00	\$0.00
Total Federal Contribution		\$2,540.00		

Total Hawaii CREP Funding

Total Hawaii CREP funding as of June 30, 2010 is approximately **\$1,644,000** primarily from State in-kind contributions.

<i>Hawaii CREP Total Program Funding – July 1, 2008 to June 30, 2009</i>	
Federal Contribution	\$2,540.00
State Contribution	
- Direct Incentive Contribution	\$51,576.35
- In-kind Contribution	\$1,590,312.97
Total	\$1,644,429.32

Cumulative Hawaii CREP Funding

The total cost of the Hawaii CREP funding to date (including FY09 and FY10) is approximately \$2,311,000.

<i>Hawaii CREP Total Program Funding – July 1, 2008 to June 30, 2009</i>	
FY09 Federal Contribution	\$0.00
FY09 State Contribution	
- Direct	\$20,781.58
- In-kind	<u>\$645,928.28</u>
Total FY09 Program Cost	<u>\$666,709.86</u>
FY10 Federal Contribution	\$2,540.00
FY10 State Contribution	
- Direct	\$51,576.35
- In-kind	<u>\$1,590,312.97</u>
Total FY10 Program Cost	<u>\$1,644,429.32</u>
<i>Total FY09 and FY10</i>	<i>\$2,311,139.18</i>

CREP REVIEW/ADVISORY COMMITTEE

The CREP Review Committee met on September 20, 2010 to discuss the program's implementation to date. Representatives from USDA FSA and NRCS and DLNR-DOFAW participated in the meeting. The review committee had the following recommendations based on comments and concerns raised during the meeting:

- There still remains to be some issues with getting projects processed and completed under Hawaii CREP. Hawaii Island appears to be working better together, and all CREP projects completed have been from that county. Maui, however, still appears to have some issues as there is low enrollment numbers and no projects completed. Communication between partner agencies have improved, but could still be better in some office locations.
 - The Committee proposed goal setting for District staff to encourage project completion as well as promotion of the program. State staff will participate in additional CREP training to District management staff to encourage ownership in the program. Additional reference material will be provided to District Offices to assist in familiarization with the program. Lastly, partners will do additional outreach to landowners in Maui County, including Maui, Molokai, and Lanai.
 - The Committee will also continue to follow-up on all processing CREP projects to assist in any issues that may arise as well as encourage that they are completed in a timely manner.
- Landowners continue to feel limited or excluded by the riparian requirement for marginal pastureland enrollment, especially on the Kona side of Hawaii Island. This area of Hawaii Island is geologically 'young' and does not have well defined stream channels or gulches; however, erosion of this area can still contribute to water quality issues and groundwater recharge if degraded.
 - The Committee discussed the possibility of creating a Wellhead Protection Area or a 'critical recharge area' for the Kona District for the purposes of CREP or Conservation Reserve Program. Partners agreed to research what the best approach are for this type of designation in Kona; however, inclusion in Hawaii CREP would require an amendment to the current program agreement or it may be more appropriate for a new CREP project.
- There is still concern from some producers regarding the requirement to install all CREP conservation practices within one year, especially for the larger projects. Many projects

have reduced their project size to better handle this requirement. For larger projects that require fencing and heavy reforestation, project completion within one year is unlikely.

- Extensions may be granted for applicable projects from the County Committee on a case by case basis, which have stated that they would be supportive of allowing extensions as long as the producer is actively working on their project. As the one year requirement for installation is a national requirement, there is little flexibility in allowing for a longer installation period under Hawaii CREP. The Committee recommends providing the information on extension to District staff to assist them in project planning.
- The Watershed Partnerships (WPs) are interested in directly applying for Hawaii CREP; however, they have limited control over the areas that they are responsible to manage. As the WPs are organizations of multiple landowners, many of the WP agreements restrict the partnerships management authority to only allowed access and conservation management over the various properties; yet, the majority of the work that would be required under a Hawaii CREP project would be carried out by the WP rather than the landowner itself. The WPs have been able to enter into other landowner incentive programs through the U.S. Fish and Wildlife Service or U.S. Forest Service with the current WP agreements.
 - Although Hawaii CREP requires that the interested participants own or have a lease agreement for the offered area, the WPs could assist landowners with enrollment into the program by having the landowner designate the WPs as their representative for the purposes of Hawaii CREP. Also the landowner could assign the Hawaii CREP payments to the WPs, but the payments will still be connected to the landowner, i.e. the payments will show up as the landowner's income for tax purposes.
- One of the major problems with getting projects completed in a timely manner has been obtaining the Soil and Water Conservation District (SWCD) approvals for the Hawaii CREP conservation plans. Some the SWCD do not meet on a regular basis or have problems obtaining quorum.
 - The County Committees have authority to approve Hawaii CREP conservation plans without the SWCD approval if such approval has not been granted in a reasonable amount of time. For those projects that this may be required, the State needs documentation for the purposes of the State CREP Agreement (the conservation plan is included as an Exhibit in the agreement) from FSA or NRCS stating that the conservation plan is approved without the SWCD approval.
- In the development of some CREP projects there have been questions regarding how fencing can be used. For projects where one side of the project may have a natural barrier or may include a stream crossing, it may not be necessary or wise to fence the entire project boundary. For these types of projects it may be more effective to include a trapping protocol to address feral ungulate issues.
 - The Committee will look into the possibility of including a trapping protocol for feral ungulates within the allowed practices under Hawaii CREP.
- The Committee is also working on potentially allowing a water tank practice for microirrigation in CREP projects located adjacent to an intermittent stream.
- There are numerous areas throughout the State where the soil information is listed as 'potentially highly erodible.' For these sites, staff must make a determination on whether

they can be considered ‘highly erodible’ land before the CREP project can proceed. This determination has resulted in additional delays to completing Hawaii CREP projects.

- The land that is classified as ‘potentially highly erodible’ is still waiting on a determination by NRCS. For Hawaii CREP projects within those areas, a site determination by NRCS is required to allow for enrollment of large buffers.
- Due to slow enrollment into Hawaii CREP, the State is considering paying the HCIP for all projects less than 100 acres as an upfront payment. As the HCIP is the State’s primary payment under Hawaii CREP, the State is having difficulty expending its required annual match (\$250,000).
- The Committee is also interested in amending the program agreement to allow for Kauai and Oahu to be eligible for enrollment in October 2011. As there has been a lag in getting projects completed within one year as capacity is built with District staff, this will not leave enough time for those producers on Oahu to get enrolled in the program within the last year of program enrollment. The Committee also discussed extending the Hawaii CREP enrollment period for an additional year to account for the short first year of enrollment (April 2009 to October 2009) and the start-up lag during this reporting period.

HAWAII CREP GOALS & MONITORING PROGRAM

10% reduction in sediment and nutrient runoff into streams, from current levels

Stream monitoring and total nutrient runoff improvement, as stated in the Hawaii CREP proposal, can be difficult to estimate, especially across six islands. However, accompanying water quantity benefits achieved through CREP are critical to ensuring Hawaii maintains an adequate supply of fresh water. For reporting purposes under Hawaii CREP, the State will utilize ongoing water quality monitoring programs by the Hawaii Department of Health’s (HDOH) Clean Water Branch and Environmental Planning Office as well as additional monitoring efforts by the University of Hawaii and DLNR’s DOFAW and Division of Aquatic Resources (DAR).

The HDOH monitors water bodies that are known to be water quality impaired in watersheds across the state. HDOH also compiles information from other agencies and organizations in their water quality monitoring efforts and provides reports on the status of State surface waters. The most recent report is the 2006 State of Hawaii Water Quality Monitoring and Assessment Report, as approved by the U.S. Environmental Protection Agency (<http://hawaii.gov/health/environmental/env-planning/wqm/wqm.html/>), which information was included in the previous report (FY09). Although a new report is not available from HDOH this year, their Water Quality Management Program has identified total maximum daily loads for two streams located on Oahu, Kaneohe Stream and Kaukonahua Stream. Once Hawaii CREP is available on Oahu, the program will target these areas for outreach and enrollment.

The University of Hawaii at Manoa’s Center for Conservation, Research and Technology (CCRT), DOFAW, and Intelesense Technologies (<http://www.intelesense.net/>) have recently begun a small scale stream quality monitoring effort at four initial sites across Oahu, Kauai, and Maui. This project utilizes “smart technology” to transmit real-time data from on-site monitoring equipment to an internet based portal, which has the ability to process and display the collected data remotely. DOFAW and CCRT are exploring the use of this technology for deployment of monitoring equipment in remote locations to determine the current water quality of managed lands and

restored sites over time. Efforts under this project during the reporting period have focused on getting accurate and consistent data from the sites that have been launched on Oahu. Both sites on Oahu are online and reporting water quality data. The project now has dedicated staff through CCRT to manage the monitoring equipment and to develop a platform to view and interpret data.

As there are only two projects in Hawaii CREP and they are just beginning to implement their program conservation plans, no conclusions or information on how the projects are contributing to water quality in their watersheds or across the state can be drawn at this time.

5% increase in coral reef cover and substantial increases in coral diversity on coral reefs throughout the State, from current levels

Hawaiian coral reef health and diversity is dependent on a number of influences. Sedimentation from land based erosion and its associated turbidity impact are cited as some of the most common threats for Hawaiian reef systems. Recent work by the U.S. Geological Survey (USGS) on Molokai found that Kawela stream alone contributed 9,000 tons of sediment over a two year period. Furthermore, with trade wind pattern influence on the island, the sediment does not 'flush out' and fine sediment is resuspended almost daily. USGS, through their ongoing research on Molokai's southern reef system, has identified soil erosion control as the best management tool for both the nutrient and turbidity impacts on Molokai reefs (<http://pubs.usgs.gov/sir/2007/5101/>). Restoration of native communities on degraded agricultural lands and exclusion of ungulates and other browsing animals along riparian areas are the primary methods Hawaii CREP will reduce the impact of sedimentation on reefs throughout the state. The results, however, from restoration work may not be seen or fully understood for a number of years after installation of management practices. As there is no current comprehensive, state-wide water quality monitoring program on coral reef health and diversity, reporting for Hawaii CREP will utilize ongoing coral reef monitoring programs from the U.S. Geological Survey (USGS), DAR, HDOH, University of Hawaii, the Local Action Strategy to Address Land-based Pollution, and the Coral Reef Assessment and Monitoring Program (CRAMP) (<http://cramp.wcc.hawaii.edu/>).

The most recent results from monitoring programs throughout the State were correlated in the 2008 - The State of the Coral Reef Ecosystems of the Main Hawaiian Islands Report (Friedlander et al), which was included in the previous report. Ongoing monitoring information will be reported as data is compiled and made available; the state of the coral reef report is collated every four years. No information is available in regards to how the two CREP projects are contributing to coral reef health and diversity improvement.

10% increase and improvement of wildlife and plant habitats of at least 10 endangered species through restoration of native forest ecosystems and riparian buffers, from current levels

The State of Hawaii has the unfortunate recognition of having the most threatened and endangered species in the nation with 330 species listed (274 plants and 56 animals). Due to this large number state and federal partners continue to work towards preserving and expanding these species through protection and restoration of their critical habitats. The Plant Extinction Prevention Program (PEP), which seeks to prevent the extinction of species that have fewer than 50 individuals remaining in the wild, and the wildlife management sections of DOW are the primary programs that focus on rare species recovery. The state also offers assistance to

landowners for the purposes of expanding, protecting, and restoring endangered species and their habitat through the NAPP, FSP, and WP. Through these programs, as well as management of public lands, approximately 56 endangered plant species were out-planted or protected, and a total of 63 acres of habitat was improved for two endangered bird species, the Palila (*Loxioides bailleui*) and the Hawaiian petrel (*Pterodroma sandwichensis*). Other threatened or endangered species are also likely to have benefited from these reforestation efforts.

Federally Listed Plant Species Outplanted:

<u>Scientific name</u>	<u>Listed Status</u>
<i>Bidens micrantha subsp. kahealaha</i>	Endangered
<i>Bidens wiebkei</i>	Endangered
<i>Brighamia rockii</i>	Endangered
<i>Caesalpinia kavaensis</i>	Endangered
<i>Clermontia lindseyana</i>	Endangered
<i>Clermontia peleana</i>	Endangered
<i>Colubrina oppositifolia</i>	Endangered
<i>Cyanea hamatiflora subsp. carlsonii</i>	Endangered
<i>Cyanea horrida</i>	Species of Concern
<i>Cyanea magnicalyx</i>	Endangered
<i>Cyanea munroi</i>	Endangered
<i>Cyanea stichtophylla</i>	Endangered
<i>Cyrtandra menziesii</i>	Species of Concern
<i>Diellia mannii</i>	Species of Concern
<i>Dubautia plantaginea subsp. humilis</i>	Endangered
<i>Gardenia brighamii</i>	Endangered
<i>Hesperomannia arbuscula</i>	Endangered
<i>Hibiscus brackenridgei</i>	Endangered
<i>Lysimachia maxima</i>	Endangered
<i>Melicope adscendens</i>	Endangered
<i>Phyllostegia haliakalae</i>	Endangered
<i>Phyllostegia hispida</i>	Proposed Endangered
<i>Phyllostegia mannii</i>	Endangered
<i>Phyllostegia waimeae</i>	Endangered
<i>Plantago princeps var. laxifolia</i>	Endangered
<i>Sanicula sandwicensis</i>	Species of Concern
<i>Schiedea laui</i>	Endangered
<i>Wikstroemia villosa</i>	Species of Concern

Cumulative Improvement In Endangered Species	FY09	FY10	Totals
Total acres of increase or improvement	67	66	133
Total number of different endangered species	22	58	77*

*Total includes number of different species; species many overlap between report periods.

Substantial reforestation of native vegetation in riparian buffer zones as well as rare and declining native habitats, from current levels

Reforestation efforts supported by the State of Hawaii are primarily through DOFAW's public land management (FRS, NARS, and the Wildlife Section) as well as assistance programs,

including FSP, NAPP, and WP. Accomplishments for these programs are accounted for in one of two ways: (1) acres of land reforested with native species and (2) number of individuals planted. During this reporting period, approximately 116 acres were reforested with native species and approximately 53,000 native plants were planted across the state. Over 92 of these restored acres are classified as tropical dryland forests, which are considered rare and declining habitat for Hawaii under CREP.

Cumulative Reforestation of Native Forest	FY09	FY10	Totals
Native Forest acres	1,977	116	2,093
Dryland Forest acres	82	92	174
Native species planted	36,000	53,000	89,000

Substantial increases in groundwater recharge through the planting of trees in upland pastures, from current levels

Most of the water supply in Hawaii depends on underground aquifers, which are replenished mostly by upper elevation forested areas. Upper elevation forests contribute to total available water through interception of water droplets from clouds that blanket the mountains daily. Increasing tree cover and forested areas in upper elevation degraded lands across the State will contribute to water availability and groundwater recharge. For the reporting purposes of Hawaii CREP, acres of upper elevation reforestation and/or number of seedlings planted are documented from FRS and NARS management as well as the assistance programs of FSP, NAPP, and WP. Approximately 112 acres of upper elevation watershed were under active restoration management, and over 52,000 seedling were planted in the upper elevation areas.

Cumulative Increase in Groundwater Recharge	FY09	FY10	Totals
Acres planted in upland pasture	1,305	112	1,417
# of seedlings planted	33,000	52,000	85,000

Substantial reduction in and control of invasive species in watersheds within the CREP target areas and on enrolled marginal pastureland and cropland, from current levels.

In Hawaii, there is an ever present invasive species problem, which affects overall environmental and human health, agricultural communities, and many of the State's endangered species. The Invasive Species Committees (ISC) represents the primary program focused on the control and eradication of incipient invasive species across the State. The Committees are island-based partnerships of government agencies, non-government organizations, and private businesses working to protect each island from the most threatening invasive pests. Each ISC partnership has a paid staff and field crew to implement rapid response and control plans. Other state supported programs also contribute to the control of invasive species including NAPP, FSP, NARS, FRS, and WPs.

The accomplishments for these programs are accounted for in one of two ways: (1) acres of land surveyed, monitored, and controlled for invasive species and (2) number and type of invasive species removed or controlled. During this reporting period, approximately 186,451 acres were managed for invasive species control. Over 460,000 individuals of 84 different species were removed or controlled across the State, the majority of which were plant species.

Invasive species removed or controlled:

	Common Name	Scientific name		Common Name	Scientific name
1	African tulip	<i>Spathodea campanulata</i>	44	Kahili ginger	<i>Hedychium gardnerianum</i>
2	Albizia	<i>Falcataria moluccana</i>	45	Karakanut	<i>Corynocarpus laevigatus</i>
3	Ardesia	<i>Ardisia crenata</i>	46	Koster's curse	<i>Clidemia hirta</i>
4	Australian tree fern	<i>Cyathea cooperi</i>	47	Lantana	<i>Lantana camara</i>
5	Banana Bunchy Top Virus	BBTV	48	Long thorn kiawe	<i>Prosopis juliflora</i>
6	Banana poka	<i>Passiflora mollissima</i>	49	Maui pamakani	<i>Ageratina adenophora</i>
7	Barbados gooseberry	<i>Pereskia aculeata</i>	50	Miconia	<i>Miconia calvenscens</i>
8	Black wattle	<i>Acacia mearnsii</i>	51	Mule's foot fern	<i>Angiopteris evecta</i>
9	Blackberry	<i>Rubus argutus</i>	52	Multiflora rose	<i>Rosa multiflora</i>
10	Bo tree	<i>Ficus religiosa</i>	53	Narrow leaf carpet grass	<i>Axonopus fissifolius</i>
11	Butterfly bush	<i>Buddleja madagascariensis</i>	54	New Zealand flax	<i>Phormium tenax</i>
12	California grass	<i>Urochloa mutica</i>	55	Night-blooming jasmine	<i>Cestrum nocturnum</i>
13	Cane ti	<i>Tibouchina herbacea</i>	56	Olaa beauty	<i>Torenia fournieri</i>
14	Cape ivy	<i>Delairea odorata</i>	57	Pampus grass	<i>Cortaderia jubata</i>
15	Cat's claw	<i>Caesalpinia decapetala</i>	58	Pampus grass	<i>Cortaderia selloana</i>
16	Cattails	<i>Typha latifolia</i>	59	Pink jasmine	<i>Jasminum polyanthum</i>
17	Cherokee rose	<i>Rosa laevigata</i>	60	Poison Devil Pepper	<i>Rauwolfia vomitoria</i>
18	Christmas berry	<i>Schinus terebinthifolius</i>	61	Privet	<i>Ligustrum sp.</i>
19	Cissus	<i>Cissus repens</i>	62	Red mangrove	<i>Rhizophora mangle</i>
22	Dog tail	<i>Buddleja asiatica</i>	63	Rose apple	<i>Syzygium jambos</i>
23	Empress tree	<i>Paulownia tomentosa</i>	64	Rubber vine	<i>Cryptostegia madagascariensis</i>
24	English ivy	<i>Hedera helix</i>	65	Ruby grass	<i>Melinis nervigulmis</i>
25	Eucalyptus	<i>Eucalyptus sp</i>	66	Silk oak	<i>Grevillea robusta</i>
26	False mangosteen	<i>Garcinia xanthochymus</i>	67	Strawberry guava	<i>Psidium cattleianum</i>
27	Faya tree	<i>Morella faya</i>	68	Thimbleberry	<i>Rubus rosifolius</i>
28	Feathertop fountain grass	<i>Pennisetum villosum</i>	69	Tree poppy	<i>Bocconia frutescens</i>
29	Fireweed	<i>Senecio madagascariensis</i>	70	Tree tobacco	<i>Nicotiana glauca</i>
30	Fountain grass	<i>Pennisetum setaceum</i>	71	Tropic ageratum	<i>Ageratum conyzoides</i>
31	Ginger	Various	72	Tumbleweed	<i>Salsola kali</i>
32	Glenwood grass	<i>Sacciolepis indica</i>	73	Water lettuce	<i>Pistia stratiotes</i>
33	Gorilla ogo	<i>Gracilaria salicornia</i>	74	Wax Myrtle	<i>Morella cerifera</i>
34	Gorse	<i>Ulex europaeus</i>	75	Wood rose	<i>Merremia tuberosa</i>
35	Green kyllinga	<i>Kyllinga brevifolia</i>	76	Yellow foxtail	<i>Setaria gracillis</i>
36	Guava	<i>Psidium guajava</i>	77	Axis deer	<i>Axis axis</i>
37	Guinea grass	<i>Panicum Maximum</i>	78	Coqui frogs	<i>Eleutherodactylus coqui</i>
38	Hau	<i>Hibiscus tiliaceus</i>	79	Feral goat	<i>Capra hircus</i>
39	Himalayan blackberry	<i>Rubus discolor</i>	80	Feral pig	<i>Sus scrofa</i>
40	Himalayan raspberry	<i>Rubus ellipticus</i>	81	Mangrove jelly fish	<i>Cassiopea andromeda</i>
41	Ivy gourd	<i>Coccinia grandis</i>	82	Mouflon sheep	<i>Ovis musimon</i>
42	Java plum	<i>Syzygium cumini</i>	83	Rats	<i>Rattus rattus</i>
43	Jerusalem thorn	<i>Parkinsonia aculeata</i>	84	Slugs	Various

Cumulative Control of Invasive Species	FY09	FY10	<i>Totals</i>
Acres of land surveyed, monitored, and controlled	101,960	186,451	<i>288,411</i>
# of individuals removed or controlled	321,085	460,038	<i>781,123</i>
# of different species	58	84	<i>104*</i>

**Total includes number of different species; species many overlap between report periods.*

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Forestry and Wildlife
Honolulu, Hawaii 96813

October 9, 2009

Approved by the Board of
Land and Natural Resources
at its meeting held on

10/09/09

Chairperson and Members
Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Land Board Members:

SUBJECT: REQUEST FOR REVISION TO THE STATE OF HAWAII CREP
AGREEMENT TEMPLATE

BACKGROUND:

The 'Agreement between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Conservation Reserve Enhancement Program Agreement under the Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu' ('Agreement') as reviewed and approved by the Board of Land and Natural Resources at its November 14, 2008 meeting, was authorized on January 15, 2009 by U.S. Secretary of Agriculture Ed Schafer and Hawaii Governor Linda Lingle. This 'Agreement' authorizes the Conservation Reserve Enhancement Program (CREP) in the State of Hawaii and asks agricultural producers to voluntarily retire their land to protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water.

Through CREP, producers are asked to remove a portion of their land from production and install conservation practices to improve the overall environmental benefits from that land (e.g. reduction in soil erosion, increase in threatened or endangered species habitat, among others). The producer receives in return financial compensation for enrollment into the program and installation of conservation practices on their property. Hawaii CREP is available for 15,000 acres to address the identified objectives of enhancement of stream water quality; reduction in coral reef degradation and enhancement of near shore coastal waters; increase groundwater recharge; restore native, threatened and endangered species habitat; and control the spread of invasive species in upland areas in select areas of each of the six (6) main Hawaiian Islands.

This twenty (20) year incentive program invites landowners and lease holders to join during a five (5) year enrollment period, and requires a fifteen (15) year agreement with both USDA and State of Hawaii. As part of the implementation of the program, the State was asked to provide a State of Hawaii CREP Agreement template ('Template') for landowners receiving annual State payments for implementing conservation practices on their property, as agreed upon in the

'Agreement'. This 'Template' was reviewed and approved by the Board of Land and Natural Resources along with the 'Agreement' at its meeting on November 14, 2008. The State uses this 'Template' to enter into agreements with eligible landowners upon their enrollment into the Hawaii CREP with USA.

DISCUSSION:

The Hawaii CREP producer enrollment sign-up date began on April 1, 2009. Interested producers were encouraged to visit their locate USDA Service Center to submit an application and to determine their eligibility for the program. Over the past several months, producers have been working with USDA and the Division of Forestry and Wildlife (Division) to develop their CREP projects, two of which are near completion. After review of the USDA and State contract documents, concern was expressed in regards to the "Template" condition requiring producers to carry at least \$1,000,000 in liability insurance for the duration of their CREP project (see Attachment 6, Section 8) Exhibit 2. The Hawaii CREP Review Committee, which reviews the progress and implementation of the program, discussed this issue during its annual meeting on September 17, 2009. Their recommendation was for the State to review whether this condition was a necessary requirement for Hawaii CREP due to its potential limitation to producer enrollment, especially in regards to small scale projects.

Upon review of this issue, the Division has determined the following: (1) The Hawaii Forest Stewardship Program and Natural Area Partnership Program, which are similar state-run landowner assistance programs, do not require enrolled participants to carry liability insurance for project work or financial assistance they receive through these programs. (2) The CREP "Template" under Attachment 6 Section 6 requires producers to indemnify and defend the State of Hawaii from and against all liability, loss, damage, and cost as a result of their Hawaii CREP project. (3) The USDA contract agreements for Hawaii CREP do not require producers to carry insurance for their entrance into the program.

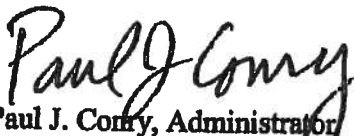
The Division, in consultation with USDA and the Department of Attorney General, has thus revised the State of Hawaii CREP Agreement template (Exhibit 2) to exclude the liability insurance requirement based on the above for Board consideration. The Division requests that the Board approve the revised State of Hawaii CREP Agreement template that excludes the liability insurance requirement to be used for all Hawaii CREP producer enrollment.

RECOMMENDATIONS:

That the Board:

1. Approve the revised State of Hawaii CREP Agreement template between the State of Hawaii and CREP landowners subject to any amendments and approval as to form by the Department of the Attorney General.

Respectfully submitted,


Paul J. Conry, Administrator
Division of Forestry and Wildlife

Attachment: Exhibits 1 & 2

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson

**STATE OF HAWAII
CONSERVATION RESERVE ENHANCEMENT PROGRAM
AGREEMENT**

This Agreement, entered into on _____, 20_____, by and between the BOARD OF LAND AND NATURAL RESOURCES, STATE OF HAWAII ("STATE"), by its Chairperson, whose address is 1151 Punchbowl Street, Honolulu, Hawaii 96813, and the _____ ("LANDOWNER"), whose address is as follows: _____

Address

RECITALS

WHEREAS, the purpose of Chapter 195F, Hawaii Revised Statutes ("HRS"), is to establish a program to financially assist landowners in managing, protecting, and restoring important natural resources in Hawaii's forested and formerly forested lands;

WHEREAS, the objectives of the Agreement between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserve Enhancement Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu dated January 15, 2009, are to enhance stream water quality; reduce coral reef degradation and enhance near shore coastal waters; increase groundwater recharge; restore native, threatened and endangered species habitat; and control the spread of invasive species in upland areas in select areas of each of the six (6) main Hawaiian Islands;

WHEREAS, under HRS § 195F-4(a)(1) money from the Forest Stewardship Fund may be used for payments by the STATE pursuant to agreements made with qualified landowners to further the purposes of Chapter 195F, HRS;

WHEREAS, LANDOWNER owns or controls land on the Island of _____, conducive to the objectives of the Hawaii Conservation Reserve Enhancement Program and desires to enroll in the Hawaii Conservation Reserve Enhancement Program;

WHEREAS, the U.S. Department of Agriculture Natural Resource Conservation Service has completed and approved a Conservation Plan for the LANDOWNER, as set forth in Exhibit A to this Agreement, which the STATE agrees is consistent with the policies, goals, and objectives of the Hawaii Conservation Reserve Enhancement Program;

NOW, THEREFORE, in consideration of the promises contained in this Agreement, the STATE and the LANDOWNER agree as follows:

A. SCOPE OF PERFORMANCE

The LANDOWNER shall perform, in a proper and satisfactory manner as determined by the STATE, the project described in the "Scope of Performance" set forth in Attachment 1 and the Conservation Plan set forth in Exhibit A, both of which are hereby made a part of this Agreement.

B. COMPENSATION

The LANDOWNER shall be compensated for performance of the project under this Agreement according to the "Compensation and Payment Schedule," set forth in Attachment 2, which is hereby made a part of this Agreement.

C. TIME OF PERFORMANCE

The performance required of the LANDOWNER under this Agreement shall be completed in accordance with the "Time Schedule" set forth in Attachment 3, which is hereby made a part of this Agreement.

D. CERTIFICATE OF EXEMPTION FROM CIVIL SERVICE

The "State of Hawaii Certificate of Exemption from Civil Service," set forth in Attachment 4, is hereby made a part of this Agreement.

E. STANDARDS OF CONDUCT DECLARATION

The "Standards of Conduct Declaration" by LANDOWNER, set forth in Attachment 5, is hereby made a part of this Agreement.

F. OTHER TERMS AND CONDITIONS

The "State of Hawaii General Conditions for Conservation Reserve Enhancement Program" set forth in Attachment 6, is hereby made a part of this Agreement.

IN WITNESS WHEREOF, the STATE and the LANDOWNER have executed this Agreement effective as of the date first above written.

STATE OF HAWAII

Chairperson
Board of Land and Natural Resources

Date: _____

LANDOWNER

By _____

Its _____ *
(Title)

Print Name

Date: _____

APPROVED AS TO FORM:

Deputy Attorney General

*Evidence of authority of the LANDOWNER's representative to sign this Agreement for the LANDOWNER must be attached.

LANDOWNER'S ACKNOWLEDGMENT

STATE OF HAWAII)
)
COUNTY OF _____) SS.

On this _____ day of _____, 20____, before me personally appeared _____, to me personally known, who being by me duly sworn, did say that he/she is the _____ of _____, the LANDOWNER named in the foregoing instrument, and that he/she is authorized to sign said instrument on behalf of the LANDOWNER, and acknowledges that he/she executes said instrument as the free act and deed of the LANDOWNER.

Notary Public, State of Hawaii

My commission expires: _____

Notary Seal Affixed:

SCOPE OF PERFORMANCE

1. Project Description

The LANDOWNER shall use funds paid by the STATE from the Forest Stewardship Fund to implement the approved Conservation Plan, which is attached hereto as Exhibit A. The project area to be managed is the _____ Conservation Reserve Enhancement Program project area; TMK NUMBER(S) _____ and designated on the map attached to the Conservation Plan.

2. Performance

The LANDOWNER shall complete the following:

A. Conservation Plan. The LANDOWNER shall carry out the conservation activities set forth in the approved Conservation Plan, attached as Exhibit A to this Agreement.

B. Consultation. The LANDOWNER shall be available for consultation regarding the LANDOWNER's progress with the Conservation Plan, upon request by the STATE.

3. Authority to Enter Into Agreement and Carry Out Conservation Plan

The LANDOWNER hereby represents that the LANDOWNER owns or controls the project area, and that the LANDOWNER has the authority to enter into this Agreement and complete the conservation activities set forth in the Conservation Plan.

4. Reporting and Inspections

A. Reports. The LANDOWNER shall submit to the STATE, reports at the following times:

(i) Initial/First Report. A report shall be due 30 days after the execution of this Agreement. The report shall include a timeline of action for the implementation of the conservation practices set forth in the Conservation Plan and shall include a separate invoice for payment as detailed in the payment schedule in Attachment 2, section 3.A.

(ii) Annual Report. An annual report shall be due on or before July 15 of each year under this Agreement for which funding has been approved. The report shall include a description of the Conservation Plan accomplishments and activities including the initiation of conservation practices, completion of conservation practices, and/or maintenance of conservation practices as described in the Conservation Plan. Following the completion of any conservation practices under this Agreement carried out under the Conservation Plan, the corresponding annual report shall include a detailed accounting of expenditures for each practice.

B. Inspections. The STATE reserves the right to enter upon the LANDOWNER's property for the purpose of inspecting the Conservation Reserve Enhancement Program project area.

5. Termination of Agreement

A. Refund Upon Termination. In the event this Agreement is terminated for any reason prior to the termination date set forth in Attachment 3, or the LANDOWNER sells, conveys, or otherwise transfers LANDOWNER's right, title, or interest in the project area, or any portion thereof, the LANDOWNER shall within 90 days of the termination, sale, conveyance, or transfer of title or interest in the project area, refund to the STATE all payments made with respect to this Agreement. The STATE may permit the amount to be repaid to be reduced to the extent that such a reduction will not impair the purpose of the Agreement.

B. Termination of Federal Conservation Reserve Program Agreement. The LANDOWNER's federal Conservation Reserve Program agreement under the Hawaii Conservation Reserve Enhancement Program with the U.S. Department of Agriculture is a prerequisite to, and underlies, this Agreement. Any violation or cancellation of the federal Conservation Reserve Program agreement immediately violates and cancels this agreement.

COMPENSATION AND PAYMENT SCHEDULE

In full consideration and satisfaction of the management activities to be performed under this Agreement, the STATE and the LANDOWNER agree to the following:

1. State Funding Condition

If in any fiscal year the STATE does not appropriate, or the STATE does not approve the expenditure of, funds sufficient to meet the payment of the approved budget, this Agreement shall automatically terminate without penalty at the end of the last fiscal year for which funds have been appropriated and approved.

2. STATE's Payment

The STATE agrees to pay the LANDOWNER a total sum of _____ DOLLARS (\$_____.) for the satisfactory completion of the _____ Conservation Reserve Enhancement Program project as set forth in the approved Conservation Plan based on seventeen dollars (\$17.00) per acre per year of program enrollment. The _____ Conservation Reserve Enhancement Program project is measured at _____ (_____) acres. Payments shall be made by the STATE to the LANDOWNER as annual payments or as a one-time payment, as detailed in Attachment 2, Section 3 for the implementation of the Conservation Plan through the year 20____. All funds to be paid by the STATE to the LANDOWNER shall be encumbered on an annual basis.

3. Payment Schedule

YEAR	STATE PAYMENT
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
TOTAL	

* Payment equal to \$17/acre pre year for a 15 year agreement.

A. Initial/First Payment. Following the LANDOWNER's submission of a project report and invoice as provided in Attachment 1, Section 4.A.(i), the STATE shall pay to the LANDOWNER the total amount for year 1 of the Conservation Reserve Enhancement Program project. This payment shall be subject to the LANDOWNER's agreement to implement the conservation practices described in the approved Conservation Plan, submission of a project report with timeline and invoice, and the STATE's approval of the project report.

B. Annual and Final Payment. The LANDOWNER must submit an annual report and invoice to the STATE by March 1 of each year under this Agreement, as appropriate, for which funding has been approved in order to receive annual payment from the STATE. This payment shall be subject to the LANDOWNER's continued timely implementation of conservation practices, satisfactory completion of conservation practices, and maintenance of previously implemented conservation practices.

C. Reimbursement. If the conservation activities established under the Conservation Plan are damaged, destroyed, or otherwise suffer a deliberate loss of functional value, the LANDOWNER will reimburse the STATE for all funds expended under this agreement.

D. Unauthorized Work. The LANDOWNER shall not receive STATE funds for activities not designated in the approved CONSERVATION PLAN. All work completed by the LANDOWNER prior to receipt of a fully-executed copy of this AGREEMENT, prior to STATE approval of funding for any subsequent years, and prior to STATE approval of any subsequent amendments to the approved CONSERVATION PLAN, shall be at the LANDOWNER's own volition and risk, including work performed during the period of any deliberations by the STATE in anticipation of approval; provided, however, that if funding or amendments applicable to such work are subsequently approved, the LANDOWNER may be paid for such work even if performed prior to such approval.

TIME SCHEDULE

The term of this Agreement is 15 (fifteen) years. This Agreement shall commence on _____, 20__ and terminate on _____, 20__.



STATE OF HAWAII

**CERTIFICATE OF EXEMPTION
FROM CIVIL SERVICE**

1. By Heads of Departments Delegated by the Director of the Department of Human Resources Development ("DHRD").*

Pursuant to a delegation of the authority by the Director of DHRD, I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to § 76-16, Hawaii Revised Statutes (HRS).

(Signature)

(Date)

(Print Name)

(Print Title)

* This part of the form may be used by all department heads and the heads of attached agencies to whom the Director of DHRD expressly has delegated authority to certify § 76-16, HRS, civil service exemptions. The specific paragraph(s) of § 76-16, HRS, upon which an exemption is based should be noted in the contract file. If an exemption is based on § 76-16(b)(15), the contract must meet the following conditions:

- (1) It involves the delivery of completed work or product by or during a specific time;
- (2) There is no employee-employer relationship; and
- (3) The authorized funding for the service is from other than the "A" or personal services cost element.

NOTE: Not all attached agencies have received a delegation under § 76-16(b)(15). If in doubt, attached agencies should check with the Director of DHRD prior to certifying an exemption under § 76-16(b)(15). Authority to certify exemptions under §§ 76-16(b)(2), and 76-16(b)(12), HRS, has not been delegated; only the Director of DHRD may certify §§ 76-16(b)(2), and 76-16(b)(12) exemptions.

2. By the Director of DHRD, State of Hawaii.

I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to § 76-16, HRS.

(Signature)

(Date)

(Print Name)

(Print Title, if designee of the Director of DHRD)

STANDARDS OF CONDUCT DECLARATION

For the purposes of this declaration:

“Agency” means and includes the State, the legislature and its committees, all executive departments boards, commissions, committees, bureaus, offices; and all independent commissions and other establishments of the state government but excluding the courts.

“Controlling interest” means an interest in a business or other undertaking which is sufficient in fact to control, whether the interest is greater or less than fifty per cent (50%).

“Employee” means any nominated, appointed, or elected officer or employee of the State, including members of boards, commissions, and committees, and employees under contract to the State or of the constitutional convention, but excluding legislators, delegates to the constitutional convention, justices, and judges. (Section 84-3, HRS).

On behalf of _____, LANDOWNER, the undersigned does declare as follows:

1. LANDOWNER ☐ is ☐ is not a legislator or an employee or a business in which a legislator or an employee has a controlling interest. (Section 84-15(a), HRS).
2. LANDOWNER has not been represented or assisted personally in the matter by an individual who has been an employee of the agency awarding this Agreement within the preceding two years and who participated while so employed in the matter with which the Agreement is directly concerned. (Section 84-15(b), HRS).
3. LANDOWNER has not been assisted or represented by a legislator or employee for a fee or other compensation to obtain this Agreement and will not be assisted or represented by a legislator or employee for a fee or other compensation in the performance of this Agreement, if the legislator or employee has been involved in the development or award of the Agreement. (Section 84-14(d), HRS).
4. LANDOWNER has not been represented on matters related to this Agreement, for a fee or other consideration by an individual who, within the past twelve (12) months, has been an agency employee, or in the case of the Legislature, a legislator, and participated while an employee or legislator on matters related to this Agreement. (Sections 84-18(b) and (c), HRS).

LANDOWNER understands that the Agreement to which this document is attached is voidable on behalf of the STATE if this Agreement was entered into in violation of any provision of chapter 84, Hawaii Revised Statutes, commonly referred to as the Code of

Ethics, including the provisions which are the source for the declarations above. Additionally, any fee, compensation, gift, or profit received by any person as a result of a violation of the Code of Ethics may be recovered by the STATE.

LANDOWNER:

By _____
(Signature)

Print Name _____

Print Title _____

Date: _____

**STATE OF HAWAII GENERAL
CONDITIONS FOR CONSERVATION RESERVE ENHANCEMENT PROGRAM**

1. Qualifying Standards.

- a. The LANDOWNER is an eligible person as defined in 7 C.F.R. § 1410.5.
- b. The project land to this Agreement is eligible under 7 C.F.R. § 1410.6 to be placed in the Hawaii Conservation Reserve Enhancement Program.
- c. The LANDOWNER applied for participation in the Hawaii Conservation Reserve Enhancement Program and was approved by the U.S. Department of Agriculture as eligible for enrollment in the Hawaii Conservation Reserve Enhancement Program.
- d. The U.S. Department of Agriculture Natural Resource Conservation Service has completed and approved a Conservation Plan for the LANDOWNER.

2. Statutory Conditions.

- a. The LANDOWNER has agreed to and will during the term of this Agreement:
 - (1) Employ or have under contract persons qualified to engage in the activity to be funded under this Agreement.
 - (2) Comply with applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability.
 - (3) Not use public funds for entertainment or lobbying activities.
 - (4) Comply with any other requirement that the Director of Finance or the Administrative Director of the Courts may prescribe to ensure adherence by the LANDOWNER to federal, state, and county laws.
- b. The LANDOWNER shall allow the contracting agency, legislative committees and their staffs, and the auditor full access to records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and assuring the proper expenditure of the grant or subsidy. This right of access shall last as long as the records and other related documents are retained.

3. Recordkeeping Requirements. The LANDOWNER shall in accordance with generally accepted accounting practices, maintain fiscal records and supporting documents and related files, papers, receipts, reports, and other evidence that sufficiently and properly reflect all direct and indirect expenditures and management and fiscal practices related to the LANDOWNER's, performance under this Agreement. The LANDOWNER shall retain all records related to the LANDOWNER's performance under this Agreement for at least three (3) years after the date of submission of the LANDOWNER's Final Project Report.
4. Conflicts of Interest. The LANDOWNER represents that neither the LANDOWNER, nor any employee or agent of the LANDOWNER, presently has any interest, and promises that no such interest, direct or indirect, shall be acquired, that would or might conflict in any manner or degree with the LANDOWNER's performance under this Agreement.
5. Compliance with Laws. The LANDOWNER shall comply with all federal, state, and county laws, ordinances, codes, rules, and regulations, as the same may be amended from time to time that in any way affect the LANDOWNER's performance under this Agreement. This Agreement shall be subject to all limitations set forth in the regulations at 7 C.F.R. part 1410.
6. Indemnification and Defense. The LANDOWNER shall defend, indemnify, and hold harmless the State of Hawaii, the contracting agency, and their officers, employees, and agents from and against all liability, loss, damage, and cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefore, arising out of or in resulting from the acts or omissions of the LANDOWNER or LANDOWNER's employees, officers, or agents under this Agreement. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Agreement.
7. Cost of Litigation. In case the STATE shall, without any fault on its part, be made a party to any litigation commenced by or against the LANDOWNER in connection with this Agreement, the LANDOWNER shall pay all costs and expenses incurred by or imposed on the STATE, including attorneys' fees.
8. Relationship of Parties; Independent Contractor Status and Responsibilities, Including Tax and Other Responsibilities.
 - a. In the performance of this Agreement, the LANDOWNER is an "independent contractor," with the authority and responsibility to control and direct the performance required under this Agreement; however, the STATE shall have a general right of inspection to determine whether, in the STATE's opinion, the LANDOWNER is in compliance with this Agreement.

- b. The LANDOWNER and the LANDOWNER's employees and agents are not by reason of this Agreement, agents or employees of the STATE for any purpose, and the LANDOWNER, and the LANDOWNER's employees and agents shall not be entitled to claim or receive from the STATE any vacation, sick leave, retirement, workers' compensation, unemployment insurance, or other benefits provided to state employees.
- c. The LANDOWNER shall be responsible for the accuracy, completeness, and adequacy of LANDOWNER's performance under this Agreement. Furthermore, the LANDOWNER intentionally, voluntarily, and knowingly assumes the sole and entire liability to the LANDOWNER's employees and agents, and to any individual not a party to this Agreement, for all loss, damage, or injury caused by the LANDOWNER, or the LANDOWNER's employees or agents, in the course of their employment.
- d. The LANDOWNER shall be responsible for payment of all applicable federal, state, and county taxes and fees which may become due and owing by the LANDOWNER by reason of this Agreement, including but not limited to (i) income taxes, (ii) employment related fees, assessments, and taxes, (iii) general excise taxes, and (iv) real property taxes. The LANDOWNER also is responsible for obtaining all licenses, permits, and certificates that may be required in order to perform this Agreement.
- e. The LANDOWNER shall obtain a general excise tax license from the Department of Taxation, State of Hawaii, in accordance with section 237-9, Hawaii Revised Statutes, and shall comply with all requirements thereof. The LANDOWNER shall obtain a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of the Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the LANDOWNER have been paid and submit the same to the STATE prior to commencing any performance under this Agreement. The LANDOWNER shall also be solely responsible for meeting all requirements necessary to obtain the tax clearance certificate required for final payment under sections 103-53 and 103D-328, Hawaii Revised Statutes.
- f. The LANDOWNER shall obtain a certificate of compliance issued by the Department of Labor and Industrial Relations, State of Hawaii, in accordance with section 103D-310, Hawaii Revised Statutes, and section 3-122-112, Hawaii Administrative Rules, that is current within six months of the date of issuance.
- g. The LANDOWNER shall obtain a certificate of good standing issued by the Department of Commerce and Consumer Affairs, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, Hawaii

Administrative Rules, that is current within six months of the date of issuance.

- h. In lieu of the above-certificates from the Department of Taxation, Labor and Industrial Relations, and Commerce and Consumer Affairs, the LANDOWNER may submit proof of compliance through the State Procurement Office's designated certification process.
 - i. The LANDOWNER is responsible for securing all employee-related insurance coverage for the LANDOWNER and the LANDOWNER's employees and agents that is or may be required by law, and for payment of all premiums, costs, and other liabilities associated with securing the insurance coverage.
- 9. Payment Procedures. All payments under this Agreement shall be made only upon submission by LANDOWNER of original invoices specifying the amount due and certifying that it has completed performance in accordance with the Agreement. Such payments are subject to availability of funds and allotment by the Director of Finance in accordance with chapter 37, Hawaii Revised Statutes. Further, all payments shall be made in accordance with and subject to chapter 40, Hawaii Revised Statutes.
- 10. Federal Funds. If this Agreement is payable in whole or in part from federal funds, LANDOWNER agrees that, as to the portion of the obligation under this Agreement to be payable out of federal funds, the LANDOWNER shall be paid only from such funds received from the federal government, and shall not be paid from any other funds.
- 11. Publicity.
 - a. The LANDOWNER shall not refer to the STATE, or any office, agency, or officer thereof, or any state employee, in any of the LANDOWNER's brochures, advertisements, or other publicity of the LANDOWNER without written permission from the Public Information Office of the State of Hawaii, Department of Land and Natural Resources. All media contacts with the LANDOWNER about the subject matter of this Agreement shall be referred to the State of Hawaii, Department of Land and Natural Resources, Division of Forestry and Wildlife.
 - b. The LANDOWNER consents to the STATE's use of LANDOWNER and the property's name, photograph, image, or likeness in brochures, advertisements, or other publicity relating to the Hawaii Conservation Reserve Enhancement Program. The STATE shall have complete ownership of all material which is developed, prepared, assembled, or conceived for brochures, advertisements, or other publicity relating to the Hawaii Conservation Reserve Enhancement Program.

12. Confidentiality of Material.

- a. All material given to or made available to the LANDOWNER by virtue of this Agreement, which is identified as proprietary or confidential information, will be safeguarded by the LANDOWNER and shall not be disclosed to any individual or organization without the prior written approval of the STATE.
- b. All information, data, or other material provided by the LANDOWNER to the STATE shall be subject to the Uniform Information Practices Act, chapter 92F, Hawaii Revised Statutes.

13. Suspension and Termination of Agreement.

- a. The STATE reserves the right at any time and for any reason to suspend this Agreement for any reasonable period, upon written notice to the LANDOWNER. Upon receipt of said notice, the LANDOWNER shall immediately comply with said notice and suspend all performance under this Agreement at the time stated.
- b. If, for any cause, the LANDOWNER breaches this Agreement by failing to satisfactorily fulfill in a timely or proper manner the LANDOWNER's obligations under this Agreement or by failing to perform any of the promises, terms, or conditions of this Agreement, and having been given reasonable notice of and opportunity to cure such default, fails to take satisfactory corrective action within the time specified by the STATE, the STATE shall have the right to terminate this Agreement by giving written notice to the AWARDEE of such termination at least seven (7) calendar days before the effective date of such termination. Furthermore, the STATE may terminate this Agreement without statement of cause at any time by giving written notice to the LANDOWNER of such termination at least thirty (30) calendar days before the effective date of such termination.
- c. Upon termination of the Agreement, the LANDOWNER, within thirty (30) days of the effective date of such termination, shall compile and submit in an orderly manner to the STATE an accounting of the work performed up to the date of termination. In such event, the LANDOWNER shall be paid for the actual cost of the services rendered, if any, but in no event more than the total compensation payable to the LANDOWNER under this Agreement.
- d. If this Agreement is terminated for cause, the LANDOWNER shall not be relieved of liability to the STATE for damages sustained because of any breach by the LANDOWNER of this Agreement. In such event, the

STATE may retain any amounts which may be due and owing to the LANDOWNER until such time as the exact amount of damages due to the STATE from the LANDOWNER has been determined. The STATE may also set off any damages so determined against the amounts retained.

14. Disputes. No dispute arising under this Agreement may be sued upon by the LANDOWNER until after the LANDOWNER's written request to the Chairperson of the State of Hawaii Department of Land and Natural Resources, to informally resolve the dispute is rejected, or until ninety (90) days after the Chairperson's receipt of the LANDOWNER's written request whichever comes first. While the Chairperson considers the LANDOWNER's written request, the LANDOWNER agrees to proceed diligently with the performance necessary to complete the Conservation Plan unless otherwise instructed in writing by the Chairperson.
15. State Remedies. The LANDOWNER understands that in the event that it no longer meets all of the standards and conditions set forth in paragraphs 1 and 2 of these General Conditions, or in the event that LANDOWNER fails to comply with any of the other requirements, provisions, or conditions set forth in this Agreement, that the STATE may refuse to make further payments to LANDOWNER under this Agreement.
16. Modifications of Agreement. Any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Agreement permitted by this Agreement shall be made by written amendment to this Agreement, signed by the LANDOWNER and the STATE.
17. Notices. Any written notice required to be given by a party to this Agreement shall be (a) delivered personally, or (b) sent by United States first class mail, postage prepaid. Notice to be given to the STATE shall be sent to: Chairperson, Board of Land and Natural Resources, 1151 Punchbowl Street, Honolulu, Hawaii 96813. Notice to the LANDOWNER shall be sent to the LANDOWNER's address as indicated in the Agreement. A notice shall be deemed to have been received three (3) days after mailing or at the time of actual receipt, whichever is earlier. The LANDOWNER is responsible for notifying the DIRECTOR in writing of any change of address.
18. Waiver. The failure of the STATE to insist upon the strict compliance with any term, provision, or condition of this Agreement shall not constitute or be deemed to constitute a waiver or relinquishment of the STATE's right to enforce the same in accordance with this Agreement. The fact that the STATE specifically refers to one section of the Hawaii Revised Statutes, and does not include other statutory sections in this Agreement shall not constitute a waiver or relinquishment of the STATE's rights or the LANDOWNER's obligations under the statutes.
19. Severability. In the event that any provision of this Agreement is declared invalid

or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Agreement.

20. Governing Law. The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties to this Agreement, shall be governed by the laws of the State of Hawaii. Any action at law or in equity to enforce or interpret the provisions of this Agreement shall be brought in a state court of competent jurisdiction in Honolulu, Hawaii.
21. Entire Contract. This Contract sets forth all of the agreements, conditions, understandings, promises, warranties, and representations between the STATE and the LANDOWNER relative to this Agreement. This Agreement supersedes all prior agreements, conditions, understandings, promises, warranties, and representations, which shall have no further force or effect. There are no agreements, conditions, understandings, promises, warranties, or representations, oral or written, express or implied, between the STATE and the LANDOWNER other than as set forth or as referred to herein.

Exhibit A

CONSERVATION PLAN

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Forestry and Wildlife
Honolulu, Hawaii 96813

November 14, 2008

Chairperson and Members
Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Land Board Members:

SUBJECT: REQUEST FOR APPROVAL OF HAWAII CONSERVATION
RESERVE ENHANCEMENT PROGRAM AGREEMENT BETWEEN
THE STATE OF HAWAII AND THE U.S. DEPARTMENT OF
AGRICULTURE

BACKGROUND:

The Conservation Reserve Enhancement Program (CREP) is an offshoot of the country's largest private-lands environmental improvement program – the Conservation Reserve Program (CRP) administered by the U.S. Department of Agriculture's Farm Service Agency (FSA). The national CRP is a voluntary land retirement program that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water. Through CRP, producers are asked to remove a portion of their land from production to improve the overall environmental benefits from that land (e.g. reduction in soil erosion, increase in threatened or endangered species habitat, among others). The producer receives in return financial compensation from FSA including an annual rental payment for the acres removed from production, incentive payments for installment of conservation practices on their property, and cost-share reimbursements for management activities. The CREP program allows individual States to partner with U.S. Department of Agriculture to customize or enhancement the CRP to target State identified priority lands, environmental issues, or address limitations on enrollments under CRP.

The Hawaii CREP was initiated by the State of Hawaii Department of Land and Natural Resources, Division of Forestry and Wildlife in July 2004 through the submission of the Hawaii Conservation Reserve Enhancement Program Proposal to the U.S. Department of Agriculture. The U.S. Department of Agriculture agreed to partner with the State to develop a Hawaii CREP for 15,000 acres to address the identified objectives of enhancement of stream water quality; reduction in coral reef degradation and enhancement of near shore coastal waters; increase groundwater recharge; restore native, threatened and endangered species habitat; and control the spread of invasive species in upland areas in select areas of each of the six (6) main Hawaiian

Islands. By combining resources with partners, Hawaii CREP provides farmers and ranchers with a sound financial package for conservation and enhancement of the natural resources of Hawaii.

The Hawaii CREP is a twenty (20) year incentive program that invites landowners and lease holders to join during a five (5) year enrollment period, and requires a fifteen (15) year agreement with both FSA and State of Hawaii. Under the program, landowners will be asked to enact watershed conservation practices that contribute toward achieving the State's identified goals. Available conservation practices vary depending on cropland or marginal pastureland enrollment, but will include hardwood tree planting, riparian forest buffer, wetland restoration, rare and declining habitat: tropical dryland forest recovery, wildlife habitat buffer, and wetland buffer all of which include numerous aspects of restoration. Participants will receive similar benefits to what is offered under CRP including an annual rental payment, cost-share reimbursement, and additional incentive payments from federal partners. To further promote Hawaii CREP, the State will provide to participants an additional annual rental payment for those landowners that implement conservation practices, potential conservation easement purchase or allowed donations, and cost-share reimbursement for specific practices that are either strongly encouraged or highly expensive to the landowner. The State will also provide technical assistance to interested parties, monitor and report on process toward goals, as well as aid the U.S. Department of Agriculture's Natural Resource Conservation Service (NRCS) in the development of applicants' Conservation Plan, as needed.

The Hawaii CREP Program has the potential to provide up to \$42 million in federal funds to local farmers, ranchers and agricultural producers over the twenty-year period of the program. As part of the commitment to the program, CREP asks State partners to provide twenty (20) percent of the total program cost of \$52.5 million, ten (10) percent of which is paid directly to landowners and ten (10) percent that can be met by an in-kind contribution by the State. During the 2006 Regular Legislative Session, the Hawaii Legislature approved an increase in base funding for the Forest Stewardship Special Fund to support the ten (10) percent match payable to landowners for the Hawaii CREP in the amount of \$250,000 annually. Funding for this special fund is authorized by H.R.S. §195F-4 and supported by conveyance tax revenue to financially assist landowners in managing, protecting, and restoring important natural resources in Hawaii's forested and formerly forested lands. The ten percent direct payment to landowners will be administered through the State annual payment, conservation easement purchase or donation, and cost-share reimbursements as described above. The in-kind contribution portion will come from efforts by the DLNR, other State agencies, and partners that contribute to the Hawaii CREP goals through management activities, monitoring efforts, and/or administration of the program.

DISCUSSION:

The 'Agreement between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Conservation Reserve Enhancement Program Agreement under the Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu' ('Agreement') addresses the implementation of the program (Exhibit 1). Items addressed

under the 'Agreement' include responsibilities of partners (FSA, NRCS, and the State), State identified goals, program elements, eligibility requirements, available conservation practices, landowner payment amounts, as well as Federal and State commitments. The 'Agreement' has undergone preliminary review by the Hawaii Department of the Attorney General and the Federal Office of General Counsel. Board approval is requested prior to the finalization of this 'Agreement' by the Governor of Hawaii and the U.S. Secretary of Agriculture.

Upon approval of the 'Agreement' by the State of Hawaii and U.S. Department of Agriculture (USDA), the FSA will finalize the Hawaii CREP Supplemental Handbook to be used by FSA and NRCS to administer the program to eligible landowners. The FSA and NRCS will utilize this handbook to determine eligibility, generate program contracts, and develop Conservation Plans for landowners enrolled in Hawaii CREP. State template documents will be included in the handbook as an exhibit so that partners and landowners will be able to access all information about the program easily from one source. Such template documents include the State of Hawaii CREP Agreement template ('Template') for landowners receiving annual State payments for implementing conservation practices on their property (Exhibit 2). The 'Template' directly relates to the contract landowners are required to enter into with the State as described in the 'Agreement' under Section VI. State Commitment. The State will use this 'Template' to enter into agreements with eligible landowners upon their enrollment into the Hawaii CREP by USDA. The 'Template' has been preliminarily reviewed by the Department of Attorney General and Board approval of the 'Template' is request.

The Division has further secured a procurement exemption from the State Procurement Office for a period of two (2) years for the State of Hawaii CREP Agreements (Exhibit 3). This exemption was granted to the Division as the 'Agreement' conditions the State to enter into contract agreements with landowners that enroll in the Hawaii CREP program and that are approved by the USDA. Accordingly, the Division requests that the Board authorize the Chairperson for the remaining two (2) year period as covered under the procurement exemption, to execute the State of Hawaii CREP Agreements with landowners that enroll in the Hawaii CREP program upon their approval by the USDA. Furthermore, the Division will brief the Board on the initial successes of the Hawaii CREP, provide an annual report during the five year enrollment period to the Board on the process of the program, and will seek renewal of the procurement exemption from the State Procurement Office as well as seek renewal of the Chairperson's signature authority from the Board following the two year authorization. This will allow the State to meet the requirements of the Agreement with USDA and expedite the administration of the Hawaii CREP between all partners.

RECOMMENDATIONS:

That the Board:

1. Authorize the Chairperson to execute the 'Agreement between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserve Enhancement Program Agreement under the

Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu,' subject to review and approval by the Department of the Attorney General.

2. Approve the State of Hawaii CREP Agreement template between the State of Hawaii and CREP landowners subject to any amendments and approval as to form by the Department of the Attorney General.
3. Authorize the Chairperson to execute contracts with eligible landowners under the Hawaii CREP as described in the 'Agreement between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserve Enhancement Program Agreement under the Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu,' subject to the approval as to form by the Department of the Attorney General; provided that the Division:
 - a. brief the Board on the initial successes of the Hawaii CREP,
 - b. provide an annual report during the five year enrollment period on the process of the program, and
 - c. seek renewal of the procurement exemption and signature authority by the Chairperson every two years.

Respectfully submitted,



Paul J. Conry, Administrator
Division of Forestry and Wildlife

Attachment: (Exhibit 1, 2, and 3)

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson